DRN-5470096

The complaint

Mrs J complains that Revolut Ltd ('Revolut') won't refund the money she lost as the result of a scam.

What happened

In August 2024, Mrs J saw an advert online about cryptocurrency trading. She provided her contact details and received a call from an account manager for a company I'll refer to as X.

As part of the investment, Mrs J was asked to open cryptocurrency accounts as well as a Revolut account. She also downloaded screen sharing software so the account manager could help her move money from her cryptocurrency accounts to a trading platform account. Unfortunately, this was a scam. X was using the name of a genuine company.

Mrs J made the following payments from her Revolut account. These payments were funded by funds transferred from accounts Mrs J held with two other banks. I'll refer to the other banks as Bank A and Bank B. All of the payments were made to purchase cryptocurrency which was paid into wallets held in Mrs J's name, before the funds were moved to an account controlled by the scammer.

Date	Pmt	Details of transaction	Amount
13.8.2024		Account opened	
21.8.2024	1	Payment to Mrs J	£300
12.9.2024	2	Payment to Mrs J	£2,000
16.9.2024	3	Payment to Mrs J	£1,500
16.9.2024	4	Payment to Mrs J	£1,500
25.9.2024	5	Payment to Mrs J	£10,000
26.9.2024	6	Payment to Mrs J	£7,700
30.9.2024	7	Payment to Mrs J	£3,500
2.10.2024	8	Payment to Mrs J	£3,500
3.10.2024	9	Payment to Mrs J	£600
11.10.2024	10	Payment to Mrs J	£300

When Mrs J tried to withdraw her funds from X, she was told that she needed to make payments to register her account. But she was assured that she would get her withdrawal, and the additional payments, refunded to her within a few days.

When they continued asking for more payments and didn't pay out Mrs J's investment, she realised it was a scam.

Mrs J raised a fraud claim with Revolut in November 2024, asking that they refund her.

Revolut looked into Mrs J's complaint but declined to refund her, saying they weren't liable for her loss as they were only an intermediary.

Mrs J wasn't happy with Revolut's response, so she brought a complaint to our service.

An investigator looked into Mrs J's complaint and recommended that Revolut refund 50% from payment five onwards. The investigator felt Revolut should've been concerned and intervened when Mrs J made payment five. And, had Revolut asked her open questions, the scam would've been uncovered and the loss prevented. But the investigator felt Mrs J should share liability for her loss based on the concerning information she had about the investment and the warnings she'd been shown.

Revolut disagreed with the investigator's opinion and asked for an ombudsman to review the case. Revolut raised the following points:

- Payments to a customer's own account don't meet the definition of an APP scam. It shouldn't be responsible for its customer's loss where it is only an intermediate link in a chain of transactions.
- The role of other financial businesses (including any interventions or warnings they might have provided) needs to be considered.
- The Financial Ombudsman should inform the complainant that it might be appropriate to make a complaint against another respondent.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud. This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Should Revolut have recognised that Mrs J was at risk of financial harm from fraud?

By August 2024, Revolut would've been aware of the frequency of cryptocurrency scams and the increased risk posed by payments that are obviously made in relation to cryptocurrency.

I'm satisfied that when Mrs J made payment five, Revolut should've identified a potential risk of financial harm from fraud. I appreciate that this was a new account, so Revolut didn't have any previous account activity to compare the payments to. Also, that a lot of cryptocurrency transactions are genuine.

But taking into account the information Revolut had about the payment, which was for £10,000, part of a pattern of increasing payments, and identifiably going to a cryptocurrency provider, I'm satisfied they should've intervened and provided a warning.

What did Revolut do to warn Mrs J?

When Mrs J set up the new payees for payment one and two, she was shown this warning:

Do you know and trust this payee?

If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.

When Mrs J made payment two, Revolut intervened and asked onscreen questions about the payment.

Mrs J told Revolut that the payment was related to an investment and involved cryptocurrency. She said she'd found the opportunity online and had completed checks. Revolut were concerned that Mrs J was potentially at risk of a cryptocurrency investment scam and provided warnings over several different screens which said:

This could be a crypto scam. STOP. Crypto scams promise high returns in short periods of time and might even have professional-looking online platforms.

Beware of social media promotions. Fraudsters use social media to promote fake investment opportunities. Read online reviews to make sure it's legitimate.

Don't give anyone remote access. Scammers may ask you to install software to view your screen. Uninstall software that gives someone else control.

Do your crypto research. Most crypto exchanges aren't regulated. Search for mentions of scams in online reviews.

Don't be rushed. Take your time and speak with family and friends before making large investments. Say no if you're being pressured to invest.

Revolut say Mrs J would've also seen a separate warning when she downloaded the screen sharing software.

What kind of warning should Revolut have provided?

Based on the size of payment two and the information that Revolut had available, I'm satisfied that Revolut providing an onscreen warning was appropriate.

However, by the time Mrs J made payment five, I would've expected Revolut to refer her to one of their fraud specialists and discuss the payments she was making. As part of that, Revolut should've asked open questions about the company Mrs J was investing through, explained how cryptocurrency investment scams work and how a customer can protect themselves from falling victim to one.

The type of warning I would've expected when Mrs J made payment five, should've covered off the key features of such a scam, such as investments being offered on social media sites, endorsements by high profile celebrities, returns that were too good to be true, returns being guaranteed (as forex trading involves risk so a genuine firm wouldn't guarantee a return), being asked to make further investment payments over a short period of time and being unable to withdraw funds.

<u>If Revolut had provided a warning of the type described, would that have prevented the losses Mrs J suffered from payment five?</u>

If Revolut had provided a warning explaining how cryptocurrency scams work, I think this would've resonated with Mrs J. She had found the investment online, she was being offered a return that was too good to be true (over 50% in a matter of days) and she was being pressured into making more payments and to take out loans to fund the payments.

Bank A and Bank B both intervened when Mrs J made payments from those accounts to fund her Revolut account. However, those interventions involved safe account scam warnings as the payments were being made to an account held in Mrs J's name. So, they didn't resonate with her, being the victim of an investment scam.

Mrs J couldn't afford to lose this money, especially as the scammer had persuaded her to take out multiple loans to continue investing. I'm satisfied that a proper conversation with Revolut highlighting that her circumstances matched those of an investment scam victim, would've prevented Mrs J from making any further payments.

<u>Is it fair and reasonable for Revolut to be held responsible for Mrs J's loss?</u>

I have taken into account that Mrs J remained in control of her money after making the payments from Revolut. It wasn't lost until she took further steps and moved the cryptocurrency on to accounts controlled by the scammer. But Revolut should still have recognised that Mrs J was at risk of financial harm from fraud, made further enquiries about payment five and ultimately prevented Mrs J's loss from that point. I think Revolut can fairly be held responsible for Mrs J's loss in such circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mrs J has chosen not to pursue a complaint further about any Bank A or Bank B, and I cannot compel her to do so. And I do not think it would be fair to reduce Mrs J's compensation because she's only complained about one firm, as I consider that Revolut should have prevented the loss.

<u>Should Mrs J bear any responsibility for her loss?</u>

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I'm satisfied that it's fair for Mrs J to share responsibility for her loss with Revolut because:

- She was offered a return that was too good to be true of over 50% profit within a few days.

- Mrs J was recommended to take out loans in order to make further investment payments and was told that she would be able to repay those loans within days. This should've concerned her.
- Mrs J didn't receive any documentation or paperwork that I would expect to see in the case of a genuine investment.
- The onscreen warning that Revolut showed her, should've caused Mrs J to be concerned. It referred to fake advertisements, promises of high returns and being requested to install screen sharing software.

Taking all of these points into consideration as a whole, I think there was enough concerning information that Mrs J should've doubted what she was being told and completed further checks before proceeding. On that basis, I'm satisfied that the refund should be reduced by 50%.

Recovery of funds

As Mrs J made the payments to purchase cryptocurrency, which she received, no funds could've been recovered by Revolut. Recovery only looks at the beneficiary account, not the end destination of the funds.

In summary

I appreciate that Mrs J has been the victim of a cruel scam which has caused her serious financial difficulties and left her with loans that she has to repay. But, for the reasons given above, I'm satisfied that it's fair for Revolut to refund 50% from payment five onwards.

I note that Mrs J had £304.82 left in her cryptocurrency account that she was able to withdraw, which should be deducted from the refund Revolut has to pay.

Putting things right

To put things right I require Revolut Ltd to:

- Refund 50% from payment five onwards less the £304.82, which is £12,495.18
- Pay simple interest of 8% per year on the refund, calculated from the date of the payments until the date of settlement*

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mrs J how much it's taken off. It should also give Mrs J a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I uphold this complaint against Revolut Ltd and require it to compensate Mrs J as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 2 September 2025.

Lisa Lowe
Ombudsman