

The complaint

Miss S complains Revolut Ltd won't refund the money she lost to a scam.

What happened

I issued my provisional decision on this complaint on 26 March 2025. I wanted to give both sides a chance to provide any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here, but in summary I understand it to be as follows.

In September 2023, Miss S was messaged out of the blue by a fraudster who purported to have the wrong number when attempting to book a beauty appointment. The two struck up a friendship and over the course of a few months, the fraudster persuaded Miss S to invest in short term trading under her guidance. Between 10 December 2023 and 12 January 2024, Miss S made payments totalling over £27,000 from her Revolut account to her own cryptocurrency exchange accounts. From there, she converted her funds into cryptocurrency and sent them on to the 'investment'. Unbeknown to Miss S, she ended up sending her funds to a fraudster.

She also made payments from her account with another bank (Bank N) towards the scam, which totalled over £90,000. She took out a bank loan with Bank N and borrowed from family members to fund the payments towards the scam. The loss on her Bank N account has been dealt with under a separate complaint.

In January 2024, Miss S thought she'd made over £400,000 profit since she started investing, so she was ready to withdraw it. However, she encountered several fees she had to pay for and eventually grew suspicious that she'd been scammed.

She contacted Revolut Ltd for assistance on 8 February 2024 and was directed to raise a chargeback. She made a complaint the same day via a professional representative. Revolut declined to refund Miss S as it said it had no chargeback rights because the service was provided by the cryptocurrency exchanges whom she paid.

Miss S referred her complaint to our service, as she felt Revolut ought to have intervened on the first payment. And had that happened, her loss would have been prevented.

Revolut added further arguments to its defence. I've summarised these below:

- *It did intervene multiple times and blocked payments and gave warnings, but Miss S proceeded. It argued she was grossly negligent in doing so. I'll come on to discuss these interventions later on in my decision.*
- *Miss S ought to have identified a number of red flags and her carelessness otherwise displaced any liability Revolut might have otherwise had for her loss.*

- *It has no legal duty to prevent fraud and it must comply strictly and promptly with valid payment instructions. It does not need to concern itself with the wisdom of those instructions. This was confirmed in the recent Supreme Court judgement in the case of Philipp v Barclays Bank UK plc [2023] UKSC 25.*
- *Revolut is not a signatory of the Contingent Reimbursement Model (CRM) Code and therefore its rules do not apply. The Payment Service Regulator's ("PSR") mandatory reimbursement scheme rules were not yet in force and so should not be applied either.*
- *Even if such schemes did apply, it would not be required to reimburse 'self-to-self' transactions even if it were a signatory of the CRM Code. The Payment Service Regulator's ("PSR") mandatory reimbursement scheme would not require it to refund payments made in these circumstances either.*

Our Investigator considered the arguments put forth by both parties, but they did not uphold Miss S' complaint. It was their view that Revolut gave sufficient warnings when Miss S was making the payments, and they agreed there were no chargeback rights in Miss S' case.

Miss S disagreed and made extensive comments in response to the Investigator's assessment. I've summarised what I consider to be the key points below:

- *Revolut's warnings were insufficient and failed to bring the scam to life for Miss S.*
- *The Investigator departed from our service's approach to fraud interventions.*
- *The transactions were high risk due to going to cryptocurrency providers and were indicative of multi-stage fraud.*
- *The risk associated with the payments warranted a human intervention.*
- *Had Revolut asked open ended and probing questions, Miss S would've answered honestly.*
- *Revolut failed to prevent foreseeable harm under the Consumer Duty. Given Revolut blocked a number of payments, it knew they were high risk.*

As no agreement could be reached, this case was passed to me to be decided.

What I've provisionally 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.

Before setting out my findings, I'll clarify that whilst I've read and considered all the submissions in their entirety, I won't be responding to every single point raised, as our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. I hope the parties won't consider this a discourtesy. Instead, I've focussed on what I think is the heart of the matter here.

It isn't in dispute that Miss S carried out the transactions, albeit she was tricked into doing so. So, under the relevant regulations, namely the Payment Services Regulations 2017 (PSR 2017), the starting position is that Miss S is responsible for transactions she has authorised.

However, I've considered whether Revolut should have done more to prevent Miss S falling victim to a scam, as there are some situations in which it should reasonably have taken a closer look at the circumstances surrounding a particular payment. For example, if it was particularly out of character or considered 'high risk'.

Firms process hundreds of thousands of transactions on a daily basis, and so it would not be reasonable to expect it to intervene on each and every one. Instead, it should do so where it

identifies a transaction indicates the consumer might be at risk of financial harm. In considering the risk associated with a payment, there are multiple factors to consider. And each case is considered on its own merits.

In Miss S' case, I'm inclined to agree that Revolut ought to have gone beyond the automated warnings it presented. However, I'm not persuaded that in doing so, it would have prevented Miss S' loss. I know that will be disappointing, so I'll explain why I think this.

Firstly, whilst Miss S' account was open since 2018, the usage was sporadic from opening until the time the disputed payments started. The account was used less than 50 times in the six months prior to the disputed payments. It was clearly not used as her main account. I have taken this into account, when considering how much Revolut knew about Miss S' typical spending patterns.

I have considered that the disputed payments were all made to a well-known cryptocurrency exchange platform. And by December 2023, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time, owing to warnings published by the FCA and Action fraud dating back to 2018. And figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase, reaching record levels in 2022. This resulted in many high street banks restricting cryptocurrency related payments, leaving a small number of payment service providers, including Revolut, permitting such transactions.

I'm not suggesting that every payment to a cryptocurrency exchange will be related to fraud. But our service has seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency provider, a fact that Revolut is aware of. As was the case here – Miss S' Revolut account was being funded by payments from her Bank N account before the funds being sent out to the cryptocurrency platform. So, I'd expect Revolut to be on the lookout for the possibility of fraud in these circumstances – subject to the appearance of the payments and surrounding activity on Miss S' account.

Revolut did stop the first payment Miss S made and attempted to find out the reason for the payment through an automated payment purpose request. She confirmed she was making the payment for an investment and was not being guided. It then gave her an investment scam warning. I think this intervention was broadly proportionate to the risk this first payment presented. I might have expected Revolut to have drilled down further to a specific scam risk, through a series of automated questions at this point. And I accept that might have generated a more specific automated warning in the moment. But I'm not persuaded that even a more detailed automated warning would've been persuasive enough to overcome the immense trust Miss S had in the fraudster, whom by this point, she had been speaking to daily for over two months.

I know Miss S feels strongly about this point, but I would not have expected Revolut to have made direct contact with Miss S until she attempted the £10,010.63 payment on 19 December 2023. Whilst this payment was ultimately unsuccessful, I think the sheer volume of attempts, coupled with the increased value and frequency of activity, compared to the previous two payments to the cryptocurrency exchange, ought to have concerned Revolut. Whilst Revolut did again show Miss S the same automated warning about investment scams, I think by this point, there was enough going on for Revolut to have increased concerns about the activity on Miss S' account and it ought to have taken further steps to understand the wider circumstances behind the 'investment' she said she was making.

However, this doesn't mean Revolut is automatically liable for Miss S' loss. I need to be reasonably satisfied from the evidence provided, that Revolut's failure to intervene appropriately made a material difference to the losses Miss S suffered. That is to say, had Revolut intervened, would this have prevented Miss S from losing her money? Having carefully considered the facts of this case, I'm not persuaded it would have.

Miss S has said she would have been honest had Revolut asked open ended and probing questions in a staff intervention. And I acknowledge that on the two occasions Revolut asked her what the payment was for, she did accurately say it was part of an investment. However, I can also see from her conversations with the fraudster that she was not unfamiliar with restrictions on cryptocurrency transactions. For example;

- On 30 November 2023, Miss S wrote 'My bank doesn't let me buy crypto so will need to find a way around it'
- On 1 December 2023, Miss S wrote 'My bank will only let me transfer a max evetime [sic]' to which the fraudster said 'To be honest, buying USDT in the UK is a bit of a hassle'
- On 5 December 2023, Miss S wrote 'Did something naughty...I have another 25k...I went to my bank for assistance...But now I have a problem, I can't use my account to buy the usdt...Because the loan isn't for trading...I said I needed to replace windows...The loan isn't for trading'. To get around this she was told to move the funds from Bank N to Revolut, and buy the cryptocurrency via her Revolut account instead.
- On 10 December 2023, Miss S wrote 'I am trying to finish adding the last of the USDT. My bank isn't playing nice with me right now'

I can also see that the fraudster often told Miss S how to get around such restrictions. For example, they told her to try using a different cryptocurrency exchange which she did, or to use an account with another bank, or to send the payments in lower values instead. When Miss S said her bank had blocked her payments, or when she had misled them about the loan purpose, she was told to move it to Revolut instead and buy the cryptocurrency from there. And when she faced transactional limits on either her Bank N or Revolut account, she just waited until the restriction timed out, before proceeding with more payments. And on 19 December 2023, Miss S suggested herself she open an account with another bank (Bank M) to continue with the payments. I think this was likely discussed in relation to the repeated issues she was facing when trying to make the £10,010.63 from her Revolut account that day. Importantly, the fraudster convinced Miss S to send a screenshot of any error she faced, so they could talk her through how to overcome it. And it seems Miss S did this more than once.

So, whilst Miss S did select the correct payment purpose during the automated interventions, there is other evidence to suggest Miss S was familiar with restrictions on cryptocurrency related transactions and was desensitised to them. This is further supported by the multiple rapid re-attempted transactions Miss S made each time a transaction was restricted on her Revolut account. And, at times, Miss S proactively, or with assistance, found ways around such restrictions from both Revolut and Bank N. I therefore think there's a high likelihood that if Miss S faced further restrictions from Revolut, she would have relied on the fraudster for assistance, or she would have found another way to send the funds towards the investment.

But even if Miss S had co-operated with further questioning about the circumstances behind the payments she was making, I'm mindful this wasn't really a 'traditional' investment scam. Whilst Miss S was contacted out of the blue, this was not about an investment. The fraudster made it seem as though they accidentally contacted Miss S about something entirely unrelated. And the two struck up a friendship over the course of two months or more, before

investments became a key topic of conversation. I accept cryptocurrency scams can vary in nature, and this service has seen many cases involving what first appears to be a relationship between the two parties, which develops into an investment proposal – albeit such relationships typically appear to be romantic in nature, which doesn't seem to be what's happened here. But in this case, Miss S has told our service she had video calls with the fraudster, which is less common in such scams. Furthermore, it didn't come across as though the fraudster was pressuring Miss S to invest. They offered to teach Miss S, and Miss S seemed happy with this offer, even sharing her own prior experience in investing and had her own cryptocurrency accounts. It wasn't the case that the fraudster introduced Miss S to investing, or even pressured her into it. And Miss S did have existing accounts with the cryptocurrency exchanges she was paying and could have easily evidenced this to Revolut if required. This might have alleviated some of the concerns surrounding the payments.

But even if Revolut had warned Miss S about the payments she was making in more detail, I'm not necessarily persuaded this would have deterred Miss S from proceeding. As I've touched on before, Miss S was speaking to the fraudster daily for a couple of months before she started making payments from her Revolut account. And it's clear to me that the longer the contact continued, the stronger the bond grew between Miss S and the fraudster. It wasn't simply that Miss S was being assisted by a 'broker' or 'account manager'. She thought she had made a 'best friend' and placed a high degree of trust in the fraudster that I don't think Revolut could've likely overcome. The two referred to each other as 'family', 'sisters', 'best friends' and 'soul mates'. The fraudster very cleverly preyed on Miss S at a difficult time in her life and fed off information Miss S shared about her beliefs and goals. They lured Miss S into a false sense of security by claiming to be 'risk averse'. They even went as far as cancelling trades because they weren't 100% certain about the risk. This created the illusion they had Miss S' best interest in mind. And when Miss S fell short of funds to continue with the investment, they claimed to borrow funds from their own family to help Miss S, making it seem they really wanted her to succeed.

The scammer was incredibly complementary of Miss S, and I can see why, during a difficult time in Miss S' life, she provided a much-appreciated source of companionship. I don't say this to be cruel to Miss S. I can't imagine how upsetting it must have been to be betrayed by someone she thought she'd formed a genuine friendship with. Instead, I make this point to highlight that it would have been incredibly difficult for Revolut to overcome the bond that had formed between Miss S and the fraudster. And, taking this into account, I'm not as persuaded as I'd need to be that Revolut could've convinced Miss S that this connection she'd formed was all a lie. And from what I can see, Miss S continued to make payments until she simply ran out of money.

I'm sorry Miss S lost this money through such a cruel scam. And I accept that Revolut ought to have done more than it did in these circumstances to intervene on the payments she was making. But, taking into account the evidence available to me, I'm not persuaded that this failure resulted in Miss S' loss. So, I currently don't intend to ask Revolut to refund Miss S.

Chargeback

I'm in agreement with our Investigator that there was no reasonable prospect of recovering Miss S' funds through the relevant chargeback scheme. Miss S made the payments to legitimate merchants, and they provided her with a service - that being the loading of funds into her cryptocurrency account and/or exchanging those funds into cryptocurrency. The subsequent loss of that cryptocurrency to the fraudster, is not something Revolut could successfully challenge via a chargeback in these circumstances.

My provisional decision

For the above reasons, my provisional decision is that I do not intend to uphold this complaint about Revolut Ltd.

Revolut did not respond to my provisional decision. Miss S asked how she might appeal it, however she didn't put forward any further arguments or evidence for me to consider by the deadline.

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.

I understand that the outcome I reached was disappointing for Miss S, and that she'd like to appeal this. But as neither party have provided any new comments or evidence for me to consider, my final decision is unchanged from the provisional findings I've set out above.

Ultimately, I'm still not persuaded that Revolut's failure to provide a better intervention, had a material impact on Miss S' loss. So, I won't be asking Revolut to refund her.

My final decision

My final decision is that I do not uphold this complaint about Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 8 May 2025.

Meghan Gilligan
Ombudsman