

The complaint

Mr S is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr S fell victim to a cryptocurrency investment scam after responding to an online advertisement from a company claiming to help people generate profits from investing in cryptocurrency.

To facilitate payments to the scam, Mr S set up an account with Revolut on 22 August 2023 and he transferred £3,000 to this account from his bank. This was initially converted to cryptocurrency within Revolut but that transaction was reversed. Mr S then made a card payment of £2,800 to a cryptocurrency exchange on 23 August (payment 1). He also made a further card payment of £3,150 to the cryptocurrency provider on 11 September (payment 2).

Our investigator didn't recommend the complaint be upheld. While she felt Revolut should have provided a written warning about investment scams, she didn't think this would have made a difference and that Mr S would have wanted to continue with the payments anyway.

Mr S didn't accept the investigator's assessment. His representative says Revolut should have asked open and probing questions about the circumstances of the payments, including whether he'd been asked to download screen-sharing software. If it had done that, it believes the scam would have been uncovered and the payments stopped.

The complaint has now been referred to me for review.

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.

Having done so, I've reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr S authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr S.

The payments

I must take into account that many similar payment instructions received by Revolut will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious and that the purchase of cryptocurrency was consistent with how Mr S had said he'd be using the account when he applied to open it.

Having considered what Revolut knew about payment 1 at the time it received the payment instruction, including that the amount involved was relatively low, I'm not persuaded it ought to have been particularly concerned about it or suspected that Mr S may be at risk of harm from fraud. So, I can't say it was at fault for processing the payment in line with his instruction.

In respect of payment 2, this was made a number of weeks later and I don't think it can be said that a pattern of payments consistent with many types of scam had begun to emerge at this point. Nonetheless, the amount involved was higher and given the increasing prevalence of scams involving the purchase of cryptocurrency by this time, I think there is a case for saying some form of intervention by Revolut was warranted.

Mr S's solicitors seem to believe a human intervention, whereby Revolut contacted him to ask a number of questions about the circumstances of the payment was required, but I don't believe that's the case. In my view a proportionate response to the risks presented by payment 2 would have been for Revolut to show Mr S a tailored warning setting out some of the common features of cryptocurrency investment scams.

I've thought very carefully about what effect a warning of the type I've described might have had and on balance, it's my view that Mr S would still have wanted to go ahead with the payment anyway.

Mr S's representative has explained in some detail why he believed the scam was genuine. This was based on his own research about the company and the reassurance he took from the scammer, who appeared professional and knowledgeable and with whom he was in regular contact, and the fact he was able to view the trades on his account and follow its progress on a fake website.

I think the extent of Mr S's trust in the scam is evidenced by his response when his bank asked him about the purpose of the original £3,000 transfer to Revolut on 23 August. During a call with the bank's agent, he said he was transferring money because he'd just sold his house and needed to catch up with some bills. When our investigator asked why he didn't tell his bank what the money was really for, Mr S's representative said this is what the

scammers told him to say. He followed that advice despite the bank's agent clearly stating he should be honest with his answers and that if anyone had asked him to lie to the bank then this meant he was being scammed. The agent asked twice if he'd been told to lie about the payment and Mr S answered 'no' on both occasions.

Taking everything into account, it's my view that Mr S was sufficiently under the spell of the scammers that a written warning of the type I've described was unlikely to have prevented him going ahead with payment 2.

I want to be clear that it's not my intention to suggest Mr S is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr S's losses once it was aware that the payments were the result of fraud.

I understand Mr S first notified Revolut of the fraud in December 2023, nearly three months after payment 2. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

Further, Mr S transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from Mr S's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

As the payments were made by card, I've considered whether Revolut should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request.

We'd only expect Revolut to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr S paid a legitimate cryptocurrency exchange and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with. Mr S's disagreement is with the scammers, not the cryptocurrency exchange and it wouldn't have been possible for Revolut to process a chargeback claim against the scammers as he didn't pay them directly.

With these points in mind, I don't think there was anything further Revolut could reasonably have been expected to do that was likely to have resulted in Mr S's losses being recovered.

In conclusion

I recognise Mr S has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 13 May 2025.

James Biles
Ombudsman