

The complaint

Mr G complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an advance fee scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In 2021, Mr G had been searching online for investment opportunities when he came across an advert for cryptocurrency trading which was endorsed by a well-known celebrity. He paid a deposit of £250 but didn't make any further payments after the initial deposit.

In December 2022, he received a call from someone I'll refer to as "the scammer" who told him the investment had grown to \$43,766 and that he could help him to access it. The scammer said he'd be paid by the government for most of the work and he was registered with the Financial Conduct Authority ("FCA"), having worked in finance for many years. Mr G contacted the FCA to confirm this before deciding to go ahead.

The scammer provided details for a cryptocurrency wallet which he said contained the funds from the previous investment. He told Mr G to open a Revolut account to deposit funds for taxes and capital gains, because this couldn't be paid directly from the profit in the wallet.

The scammer told Mr G to download AnyDesk remote access software to his device and between 7 December 2022 and 14 December 2022 he funded the Revolut account with payments from Bank L before making three debit card payments to two merchants associated with cryptocurrency totalling £9,479.95 on the understanding this would cover the fees and taxes. He became suspicious when the scammer told him he'd need to pay additional fees, and he realised he'd been scammed when he tried to contact the scammer using contact details he found online, and the real person confirmed he'd never spoken to him.

Mr G complained to Revolut, but it refused to refund the money he'd lost. It said the funds couldn't be retrieved via the chargeback process because the payments had been authorised via 3DS.

It also said Mr G was contacted on 12 December 2022, and asked whether he'd installed AnyDesk, whether he'd been pressured to act quickly at risk of missing out on an investment opportunity, whether he'd been promised returns which seemed too good to be true, whether he'd done any research, and whether he'd been encouraged to invest by someone he'd met online recently. He said no to these questions and was warned about potential complex scams and given links to Revolut's blog and resources concerning scams and used techniques.

Mr G wasn't satisfied and so he complained to this service with the assistance of a representative who said Revolut should have intervened because he made multiple large

payments in quick succession to a new payee with links to cryptocurrency, having funded the account with several high-value credits. They said it should have intervened when he made the first payment and that it should have asked him why he was making the payment, who he was trading with, how he found the company, whether he'd done any research, whether he'd checked the FCA register, whether he'd been promised unrealistic returns, and whether he'd made any withdrawals. And as Mr G hadn't been told to lie, he'd have explained why he was moving the funds, and the scam would have been exposed.

Responding to the complaint, Revolut confirmed the stated account opening purpose was 'transfers'. It said the transactions were authenticated via 3DS and there were no signs of an account takeover.

It said Mr G sent funds to legitimate accounts in his own name and subsequently lost control of the funds from there, so the fraudulent activity didn't take place on the Revolut platform.

It also said there was no spending history to compare the payments with, there was a gap of eight days between the first and the last payments, and it's not uncommon for customers to engage in transactions involving digital assets. However, it contacted Mr G on 12 December 2023 and questioned him via the in-app chat to clarify the nature of the transactions and to warn him that they could be part of a scam. Mr G said the person who was guiding him was 'a friend of mine' and highlighted that although he had used 'AnyDesk' before, it 'was not used with Revolut at all'. He was warned to never transfer money to access funds.

Finally, it said the supposed return on the initial investment was unrealistic, and Mr G confirmed his suspicions about the fraud after phoning the person the scammer had impersonated, so if he'd done this before making any payments, his loss would have been prevented.

Our investigator thought the complaint should be upheld. He explained that payment one wouldn't have seemed unusual or suspicious. But he thought Revolut should have intervened when he made the second payment because it followed declined payments attempts on 12 December 2022 and 13 December 2022, which had resulted in in-app chat.

Our investigator noted that Revolut did ask some questions, but he didn't think the questions were sufficiently probing or that the warning was relevant. He noted that when Bank L questioned Mr G about payments he was making from that account, he said he was paying for a trading licence to withdraw money, so he thought he'd have been truthful with Revolut had it probed sufficiently. And had it done so the scam would have been uncovered.

He thought Revolut should refund the money Mr G lost from the second payment onwards, and he didn't think there should be a reduction for contributory negligence because this was a sophisticated scam involving the spoofing of a regulated individual and he had trusted a person he believed to be a professional.

Finally, he explained that he didn't think a chargeback claim that would have been successful because Mr G paid a legitimate cryptocurrency exchange, and he would have received a service from the crypto exchange, so he didn't think Revolut acted unfairly. And he didn't think he was entitled to any compensation.

Revolut asked for the complaint to be reviewed by an Ombudsman. It argued that this service has effectively applied the reimbursement rules to self-to-self transactions. Alternatively, we have irrationally failed to consider the fact that these transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.

It also argued that irrational (and illogical) to hold it liable for customer losses in circumstances where it is merely an intermediate link, and there are typically other authorised banks and other financial institutions in the payment chain that have comparatively greater data on the customer than Revolut.

My provisional findings

I issued a provisional decision on 31 March 2025 in which I said the following:

I'm satisfied Mr G 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr G didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

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 in June 2023 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 (among other things). 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 the 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.

I've thought about whether Revolut did enough to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchange companies. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough when he tried to make the payments.

The first payment was for £1,173.18 and I'm satisfied Revolut didn't need to intervene because it was relatively low value and Mr G was paying a legitimate cryptocurrency merchant.

He then attempted to make further payments which were blocked by Revolut's security systems. In the subsequent live chat Mr G was asked a series of questions which failed to uncover the scam. I've considered what he was asked and the responses he gave, and I agree the questions weren't sufficiently probing and more should have been done to establish the circumstances, in particular, whether there was a third party involved, and why he'd been using remote access software.

Had Revolut asked more probing questions, I think Mr G would have been honest about the circumstances because he fully disclosed the circumstances during the calls he had with Bank L about payments he was making from that account. I accept some of his responses to Revolut were confusing and he did refer to the third party as a friend, but I don't think was a deliberate attempt to mislead because he was sending funds to recover a previous investment as opposed to making an investment, he didn't think the returns were too good to be true because he thought the profit had already been made, and he did contact the FCA to confirm the scammer was who he said he was. He also mentioned that he'd been helped by an 'agent' and that he'd used AnyDesk.

Consequently, if Revolut had asked more probing questions around the purpose of the payments, the involvement of a third party, and the use of AnyDesk, I think it would likely have discovered that he believed he was paying fees and taxes to recover a past investment, and the scam would have been uncovered. It could then have provided a written warning tailored to recovery scams and advised him to do additional due diligence.

In considering whether this would have stopped the scam, I note Mr G was warned in the live chat 'never transfer more money to access your funds. If you have any concerns, then do not proceed with the investment'. He also had extensive conversations about the payments he was making from Bank L and how to check the company he was dealing with was genuine. Significantly, we know he did contact the FCA, and it was confirmed that the person the scammer claimed to be was registered with the FCA, so I'm satisfied he did more research which satisfied him the scammer was genuine.

So, I don't think a written warning from Revolut would have made any difference because Mr G had already satisfied himself through additional due diligence that the scammer was genuine. Therefore, I don't think a better intervention from Revolut on 12 December 2022 would have made any difference.

I've considered whether there were any further opportunities to stop the scam and having already declined multiple payments and asked probing questions and provided a tailored written warning in respect of the same beneficiary, I don't think it would have needed to intervene when Mr G made the second payment. And even though the third payment was to a new beneficiary with links to cryptocurrency, the payment was a lower value than the first two payments, and in December 2022 we wouldn't have expected it to intervene.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr G paid accounts in his own name and moved the funds onwards from there.

Mr G's own testimony supports that he used cryptocurrency exchanges to facilitate the card payments. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr G's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

Compensation

The main cause for the upset was the scammer who persuaded Mr G to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

Developments

Mr G's representative has argued that if Revolut had asked probing questions about the use of AnyDesk, the scam would have been uncovered, it didn't provide advice regarding the dangers of transferring large sums of money to access funds, and that the warnings it did give were insufficient.

They have also argued that Mr G conducted due diligence to the best of his ability, including contacting the FCA to confirm the scammer's registration and it is unfair to penalise him for having taken reasonable steps to verify the legitimacy of the investment.

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've considered the additional points raised by Mr G's representative but unfortunately the findings in the final decision will remain the same as the findings in my provisional decision.

I've previously accepted that more probing questions would likely have uncovered the scam and that Revolut could have provided a written warning which was tailored to recovery scams. I also understand that it might feel unfair that this complaint is being rejected in circumstances where Mr G did undertake reasonable due diligence before making the payments.

However, I maintain my view that I don't think a better intervention from Revolut would have made any difference because Mr G went ahead with the payments having had extensive conversations with Bank L around due diligence and having been warned by Revolut not to transfer money to access funds. And the FCA confirmed that the person the scammer claimed to be was registered, so if Revolut had provided a better warning and given some robust advice on additional due diligence, I'm satisfied he'd likely have concluded the scammer was genuine and gone ahead with the payments.

So, while I accept Revolut could have done more during the interaction it had with Mr G on 12 December 2022, I don't think this represented a missed opportunity to have stopped the scam.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 May 2025.

Carolyn Bonnell
Ombudsman