

The complaint

Mr K is unhappy that Revolut Ltd haven't refunded money he lost as a result of a scam.

Mr K is being represented by a legal representative but for ease of reference I'll only refer to Mr K here.

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 2022 Mr K came across an investment advert on social media that was endorsed by a well-known celebrity. He spoke to his wife and they were happy with their research into the merchant and the reviews they'd found online. So, Mr K decided to start investing with the merchant. Mr K said the merchant encouraged him to download screen sharing software and to take out loans which part funded the payments in the table below.

	Date	Method	Amount
1	27 October 2022	Debit card payment to crypto exchange	£1,000
2	2 November 2022	Debit card payment to crypto exchange	£2,750
3	3 November 2022	Debit card payment to crypto exchange	£2,000
4	23 November 2022	Debit card payment to crypto exchange	€100
5	24 November 2022	Debit card payment to crypto exchange	£2,300
6	14 December 2022	Debit card payment to crypto exchange	£3,000
7	14 December 2022	Debit card payment to crypto exchange	£1,200
8	6 February 2023	Debit card payment to crypto exchange	£850
9	27 February 2023	Debit card payment to crypto exchange	€5,000
10	17 March 2023	Debit card payment to crypto exchange	€4,967.29 + €22.63 fee
11	20 March 2023	Debit card payment to crypto exchange	€4,694.84 + €23.48 fee
12	24 March 2023	Debit card payment to crypto exchange	€4,668.98 + €23.35 fee
13	14 April 2023	Debit card payment to crypto exchange	€9,947.37 + €49.75 fee
14	2 May 2023	Debit card payment to crypto exchange	€10,040.07 + €46.22 fee
	16 May 2023	Debit card payment from crypto exchange	£1,178.40
15	12 June 2023	Debit card payment to crypto exchange	\$5,000
16	13 June 2023	Debit card payment to crypto exchange	\$10,000
17	21 June 2023	Debit card payment to crypto exchange	\$5,000
18	21 June 2023	Debit card payment to crypto exchange	\$5,000
19	22 June 2023	Debit card payment to crypto exchange	\$5,000
20	22 June 2023	Debit card payment to crypto exchange	\$5,000
21	10 August 2023	Debit card payment to crypto exchange	\$250

22	15 August 2023	Debit card payment to crypto exchange	\$2,500
23	3 October 2023	Debit card payment to crypto exchange	\$5,000
24	30 October 2023	Debit card payment to crypto exchange	\$2,500
		Total Loss	£11,921.60 + €39,583.98 + \$45,250

Mr K realised he had been scammed when he was stopped from making withdrawals and was told to take out some of the loans to fund withdrawals fees. The continuous requests to provide more money for withdrawals fees eventually broke the spell of the scam. Mr K contacted Revolut in February 2024 to raise a claim. But Revolut said it hadn't done anything wrong so wouldn't be offering him a refund. Unhappy with that response Mr K brought his complaint to this service.

Our Investigator felt the complaint should be upheld in part. He said Revolut should've reasonably found payment nine to have been unusual here and asked Mr K some further questions. If it had then he said the scam would've more likely than not been uncovered. He added that Revolut should pay Mr K £150 for the distress and inconvenience it had caused him by not stopping that payment because this issue had caused him additional financial pressure. The Investigator added that the final two payments of \$7,500 should have simple interest added to them at the rate of interest Mr K was paying back the two loan companies that funded those payments. For the remainder of the refund, Revolut should add 8% simple interest per year from the date of the payments to the date of the refund.

Mr K agreed with the Investigator.

Revolut disagreed and asked for an Ombudsman's review. It said it was an Electronic Money Institute (EMI) so payments to crypto exchanges weren't unusual but common activity for its accounts. It said payments to an account in the customer's name doesn't meet the definition of an Authorised Push Payment (APP) scam and it shouldn't be held responsible for its customer's loss where it is only an intermediate link in a chain of transactions. Revolut said the payments involved here were self-to-self and it was merely an intermediary in the payment journey so it shouldn't be held responsible for the loss. Revolut said there were other bank accounts involved in the journey and Mr K should also complain to those firms whilst the Financial Ombudsman should be considering if there were any other interventions by those firms during the payment journey. Revolut added this service's reliance on R v FOS [2022] EWHC 710 is misconceived and amounts to a legal error because that decision was a permission decision that doesn't set a precedent like a judgment would.

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 agree with our investigator that this complaint should be upheld in part and for largely the same reasons.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board

and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

In broad terms, the starting position at law is that an 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;
- 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 Mr K was at risk of financial harm from fraud?

It isn't in dispute that Mr K has fallen victim to a cruel scam here, nor that he authorised the payments he made by card to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

When these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022. During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase cryptocurrency using their bank accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions. And by February 2023, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of cryptocurrency purchases made using a Revolut account will be legitimate and not related

to any kind of fraud (as Revolut has told our service). However, our service has also 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.

So, taking into account all of the above I am satisfied that by the end of 2022, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in a consumer's own name – like Mr K did here.

To be clear, I'm not suggesting as Revolut argues that, as a general principle Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with cryptocurrency in February 2023 that, in some circumstances, should have caused Revolut to consider transactions to cryptocurrency providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. And as I have explained Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it needed to carry out further checks. Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that the fact most of the payments in this case were going to an account held in Mr K's own name should have led Revolut to believe there wasn't a risk of fraud.

So, I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr K might be at a heightened risk of fraud that merited its intervention.

By the time of payment nine towards this scam, I think there was enough happening here that Revolut should've been suspicious. By that point Mr K had sent over £10,000 to two new payees and high-risk cryptocurrency exchanges. Given what Revolut knew about the destination of the payment and velocity of payments here, I think that the circumstances should've led Revolut to consider that Mr K was at heightened risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr K before this payment went ahead.

What kind of warning should Revolut have provided?

Revolut didn't stop any of the payments here. So, given I'm satisfied payment nine was unusual and suspicious I think it should've provided a warning when Mr K tried to make that payment.

I've thought carefully about what a proportionate warning, in light of the risk presented, would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, I think Revolut ought, when Mr K attempted to make payment nine (€5,000 on 27 February 2023), knowing that the payment was going to a cryptocurrency

provider, to have provided a warning (whether automated or in some other form) that was specifically about the risk of cryptocurrency investment scams, given how prevalent they had become by the end of 2022. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of cryptocurrency investment scams, without significantly losing impact.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams. The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: celebrity endorsed adverts on social media, an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr K by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.

If Revolut had provided a cryptocurrency investment warning, would that have prevented the losses Mr K incurred from payment nine?

I've thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have. There were several key hallmarks of common cryptocurrency investment scams present in the circumstances of Mr K's payments, such as the celebrity endorsed social media advert, downloading screen sharing software and having an 'account manager', 'broker' or 'trader' acting on their behalf. I've found no persuasive evidence to suggest that Mr K was asked, or agreed to, disregard any warning provided by Revolut. I've also seen no indication that Mr K expressed mistrust of Revolut or financial firms in general. Neither do I think that the conversation demonstrates a closeness of relationship that Revolut would have found difficult to counter through a warning.

Therefore, on the balance of probabilities, had Revolut provided Mr K with an impactful warning that gave details about cryptocurrency investment scams and how he could protect himself from the risk of fraud, I believe it would have resonated with him. He could have paused and looked more closely into this before proceeding, as well as making further enquiries into these types of scams. I'm satisfied that a timely warning to Mr K from Revolut would very likely have caused him to review his research into the merchant and that it was celebrity endorsed. I think he most likely would've come across the negative reviews that had also started to appear online by that point. Which would've given more weight to the warning that Revolut should've provided.

Is it fair and reasonable for Revolut to be held responsible for Mr K's loss?

I have taken into account that Mr K remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised that Mr K was at risk of financial harm from fraud, made further enquiries about payment nine and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for his loss in such circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr K has chosen not to complain about/pursue a complaint further about any other firm and I cannot compel him to do so. And, I do not think it would be fair to

reduce his compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment (R vs FOS), which was referred to in a decision on a separate complaint. As I have not referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I do not intend to comment on it. I note that Revolut says that it has not asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it is asking me to consider all of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

Should Mr K bear any responsibility for their losses?

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. Having done so, I don't think Mr K acted negligently or unreasonably here. He was tricked by a sophisticated scam that he reasonably thought was celebrity endorsed and he completed his research at the beginning before deciding to invest. Based upon the reviews at the time that I've seen I can't fairly say that he acted unreasonably at that point. I note he did take out loans to fund the scam, but I also don't think that was unreasonable given he had been promised profits which he thought he could withdraw which in turn would've enabled him to pay them off very quickly.

So, I agree with the Investigator that as a layperson there weren't sufficient warning signs available to Mr K at that time to point out that this was a scam when he started to send the money to the merchant in October 2022. As a result, I don't think he should have his reward reduced here.

Could Revolut have done anything else to recover Mr K's money?

I've thought about whether Revolut did enough to attempt to recover the money Mr K lost, as there are some instances where debit card transactions can be refunded through making a chargeback claim.

A chargeback wouldn't have been successful for the debit card payments to the account in Mr K's name at the genuine crypto exchanges, as Mr K was able to move the money onto the scammers. So, Mr K duly received the service he paid for on his debit card. The money was subsequently lost from his other accounts when it was moved to the scammers. So, he couldn't claim that he didn't receive the goods or services paid for from his Revolut account to the crypto exchange.

As a result, I don't think Revolut have acted unreasonably by failing to pursue a chargeback claim or try and recover Mr K's money here.

Putting things right

Mr K took out some loans that funded this scam. One of those was used to fund the first few payments that he sent to the scammers which I'm not asking Revolut to refund here. However, he took out two loans which did fund payments that do form a part of the refund here. Those loans were taken out on 3 and 27 October 2023 for £10,000 and £3,000. From those funds Mr K invested \$5,000 and \$2,500 respectively. Those amounts were used to fund the final two payments of the scam in the table above. So, I think Revolut should add interest at the rate of the two loans he took out to fund those two final payments from the

date of the payments to the date of settlement. Mr K will need to provide evidence of the interest rate for those two loans to Revolut in order for it to calculate his settlement.

Compensation

Mr K has asked for some compensation due to the additional distress and inconvenience he suffered as a result of Revolut not stopping the payments he made here. The Investigator felt that £150 was a reasonable amount and Mr K has agreed. To be clear I agree with the Investigator's reasoning here. If Revolut had stepped in at payment nine this would've eased a lot of the financial pressure Mr K ended up having to deal with as a result of this scam. So, I think the £150 the Investigator has suggested is reasonable here.

My final decision

For the reasons given above, I uphold in part this complaint and direct Revolut Ltd to do the following;

- Refund Mr K all the payments he made to the scam from and including payment nine in the above table.
- Add interest at the rate of the loans Mr K took out to fund the \$7,500 Mr K used to make the final two payments, from the date of the payments to the date of settlement.
- Add 8% simple interest per year to the remaining payments from the date of the payments to the date of settlement.
- Pay Mr K £150 for the distress and inconvenience he has suffered.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 9 September 2025.

Mark Dobson
Ombudsman