

The complaint

M H is complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr H fell victim to a cryptocurrency mining scam. He says this particular opportunity was shared on a trusted Instagram account he'd been following for some time. Once he was convinced it was legitimate, on 18 March 2024, he made a payment of £7,860.60 from his Revolut account to a known cryptocurrency exchange from where I understand it was transferred to a wallet address provided by the scammer.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I didn't think it should be upheld. My reasons were as follows:

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.

While I appreciate Mr H didn't know the payment was going to a fraudster, it's clear he did authorise it.

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 H.

The payment

Having considered what Revolut knew about the payment at the time it received the payment instruction, I find that it ought to have been concerned about it. While I'm aware of how Revolut accounts are sometimes used and that this wasn't the first

payment Mr H had made to the cryptocurrency exchange, this payment was much larger than any he'd made before and Revolut should have known that many common types of scam require the victim to purchase cryptocurrency.

In view of the risks this payment presented, I think a proportionate response would have been for Revolut to ask about the purpose so it could provide an appropriately tailored written warning highlighting some of the key features of common cryptocurrency investment scams. But aside from a generic message asking Mr H if he knew and trusted the payee, it's my understanding that no intervention was attempted.

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 H would most likely still have wanted to go ahead with the payment. I say this for the following reasons:

- *This wasn't a 'typical' investment scam, where victims are often promised unrealistic returns for an investment. Instead, the scam company was offering cryptocurrency mining services with any profits gained being split between the parties. Many of the other features common to many investment scams weren't present here either, for example Mr H hadn't been required to make more and more payments or to pay unexpected fees and taxes. So it's not clear that a warning setting out common features of an investment scam would have resonated with him.*
- *In the extracts of his conversations with the scammer provided, Mr H described himself as 'quite experienced with mining cryptocurrency' and it appears he carried out quite extensive due diligence to satisfy himself this was a legitimate opportunity. This included:*
 - *asking a series of detailed questions of the scammer to which he received answers he was satisfied with;*
 - *searching the company's website;*
 - *checking it was registered with the Dubai business registry; and*
 - *contacting others who'd invested via social media.*
- *Mr H also received and signed a contractual agreement that he says made it seem legitimate.*
- *He'd also tested the water with a smaller initial investment and been able to withdraw money from the scheme.*

In view of his experience in this area and the steps he'd taken to satisfy himself this was a legitimate investment, I don't think it's likely that a written warning setting out common features of investment scams – many of which didn't apply to his situation – would have been sufficient to stop Mr H from continuing with this payment.

I want to be clear that it's not my intention to suggest Mr H 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 H's losses once it was aware that the payment was the result of fraud.

Revolut has shown that it contacted the cryptocurrency exchange and successfully recovered £2.18 of Mr H's money. I appreciate that's a very small amount but it's a common tactic of fraudsters to move money onto other accounts very quickly to frustrate any attempted recovery.

Mr H 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). Revolut could only have tried to recover money from Mr H'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 anyway. So I don't think anything Revolut could have done differently would have led to more being recovered.

As the payment was 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 H 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 H's disagreement is with the scammer, not the cryptocurrency exchange and it wouldn't have been possible for Revolut to process a chargeback claim against the scammer as he didn't pay them directly.

In conclusion

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

The responses to my provisional decision

Mr H didn't accept my provisional decision and made the following key points:

- Revolut missed a crucial opportunity to exercise due care and carry out a strong warning or intervention. The payment was significantly higher than any of his previous transactions and used to purchase cryptocurrency from a known exchange — a category of transaction widely recognised as high-risk and frequently exploited in fraud cases.
- This was a sophisticated scam, not a stereotypical 'get-rich-quick' scam. The multiple layers of deception employed by the scammers made the scheme highly credible and very difficult for an ordinary customer to detect.
- Since falling victim to this scam, his mental health has been severely impacted and he's provided various evidence to demonstrate this.

- Other banking institutions have been found partially liable in cases where a business failed to properly warn or protect a customer when red flags were present. Had he received a properly worded, tailored warning that highlighted the specific risks associated with crypto scams, or if the transaction had been paused for verbal confirmation, it could have prompted him to re-evaluate and seek further validation.

It's disheartening that no further effort was made to recover his money. He didn't understand that, after making the payment to the exchange in his own name, all recourse would essentially be void. If this limitation had been communicated as a cautionary step, he could have acted differently.

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, my findings haven't changed from those I set out previously. I haven't necessarily commented on every single point raised. I've 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 response to the additional points raised by Mr H:

- For the reasons explained in my provisional decision, I agree Revolut should have done more to warn Mr H about the payment he was making before it was processed. The reason I haven't upheld the complaint is because I don't think a proportionate intervention would have prevented him from going ahead.
- The fact this wasn't a typical scam is why I don't believe an appropriate written warning would have particularly resonated with Mr H's situation. And the fact it was so sophisticated with many layers designed to make it appear legitimate, in addition to the due diligence Mr H carried out himself, are further reasons why I don't believe a warning would have successfully stopped the payment.
- I'm sorry to learn of the impact this experience has had on Mr H's wellbeing and I wish him all the best as he attempts to recover from its effects. But much of this has to be attributed to the actions of the scammers rather than those of Revolut. But in circumstances where I don't think an appropriate intervention would have made a difference, I can't reasonably hold Revolut responsible for the impact the scam has clearly had.
- In the circumstances of this particular case, and for the reasons I've already explained, I don't think it's likely that an appropriate warning would have been sufficient to stop Mr H from going ahead with the payment.
- Revolut could only have tried to recover money from Mr H's own account and, aside from a very small amount that was still available, there was nothing it could realistically do to recover the rest. This isn't something business are required to routinely explain to customers but I note the warning message Revolut says it did display asking him to confirm whether he knew and trusted the payee does say:

If you're unsure, don't pay them, as we may not be able to help you get your money back.

I appreciate the scam has had a real impact on Mr H and that the outcome of this complaint will be a great disappointment. But, ultimately, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and that's why I'm not 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 H to accept or reject my decision before 30 May 2025.

James Biles
Ombudsman