

The complaint

Mr A complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam

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.

Mr A had previously fallen victim to a scam and had suffered significant financial loss as a result. Following this he was keen to invest to replace the funds he had lost.

He decided to invest with the scammer after coming across an advert for them. He decided to invest and requested a "swap-free" account. Mr A said he realised his account wasn't "swap-free" and was told this was due to a technical issue. The funds in the account then decreased significantly and he had to be put on a recovery plan. This plan involved him and the scammers contributing money to the fund to bring the returns up.

Mr A realised he had been scammed when he was unable to withdraw the funds.

Revolut says that its systems flagged some of the payments as suspicious, prompting a message to Mr A asking about the purpose of the payments, followed by educational screens explaining the type of scam most closely associated with Mr A's answers. According to Revolut, Mr A wasn't honest during one of these interventions and wasn't forthcoming about the payment purpose. Revolut maintains it acted fairly and has therefore declined to refund the transactions.

Revolut also said our service couldn't consider the cryptocurrency withdrawals or exchanges because cryptocurrency-related matters only fall under our jurisdiction if the complaint relates to matters under FCA regulation, and it doesn't believe these activities do.

Our Investigator concluded that Revolut should have been concerned about the €6,900 transfer out of the account considering the amount involved and that it is out of step with how the account normally operates. However, he wasn't persuaded that a proportionate intervention would have made a difference given how Mr A responded to other interventions by Revolut.

Mr A's representative disagreed. It believes that a stronger intervention by Revolut would have made a difference. It said Revolut should have questioned Mr A in more detail and asked him for documentation about the transactions he was completing. Had it done so it believes that Mr A's loss could have been prevented.

As an agreement wasn't reached this complaint has been passed to me for a final decision.

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 conclusion to our investigator.

I've summarised the complaint in my own words and I'm not responding to every argument. No courtesy is intended by this. Our rules allow me to do this given the informal nature of our service. If there's something I've not mentioned, it isn't because I've ignored it. Rather, I'm satisfied I only need to focus on the key points to reach what I think is a fair outcome

Jurisdiction

Our service can consider a wide variety of complaints about financial services, but we can't consider all the matters referred to us. The Dispute Resolution Rules (DISP) set out the complaints that fall within our remit and are found in the Financial Conduct Authority's (FCA) handbook. Mr A's complaint arises from his customer relationship with a UK based firm, which is regulated by the FCA. But there are other factors which affect whether our service can consider a complaint – and DISP includes limits on the activities we can review.

According to the rules, we can consider a complaint under our Compulsory Jurisdiction if it relates to an act or omission by a firm in carrying on one or more of the activities listed under DISP 2.3. Having reviewed those activities, I've concluded we can't look into the part of Mr A's complaint which relates to the transfer or withdrawal of cryptocurrency from the Revolut platform. I've explained why below.

Mr A had an account with Revolut which allowed him to trade in cryptocurrency. But the operation of cryptocurrency services isn't currently a regulated activity, or one that's listed under DISP 2.3 – so our service isn't able to look into complaints about it. Cryptocurrency isn't electronic money or 'fiat currency' according to the FCA – instead it classifies cryptocurrency, and similar crypto-assets, as 'exchange tokens'. So, while Revolut is also a Payment Services provider, the withdrawal of cryptocurrency doesn't concern e-money or a payment account – and so doesn't fall under our remit as being about a payment service.

However, our service can look into complaints about activities that are ancillary to the ones covered by us (those listed under DISP 2.3). The steps leading up to the transfer/withdrawal of cryptocurrency also includes both the acceptance of funds into Mr A's account and then a subsequent request for Revolut to exchange fiat money into cryptocurrency. The exchanges involved a fiat transaction out of the account, and so were started by a payment service.

I am satisfied that these earlier steps amount to payment services, and in the case of the exchanges, at the very least were initiated by a payment service. Given the broad nature of this complaint, I'm satisfied our service can consider whether Revolut ought to have intervened at the point Mr A processed the transaction to purchase cryptocurrency from his e-money wallet, and prior to the exchange process completing.

For the reasons I've given, our service doesn't have the remit to consider the element of Mr A's complaint which relates to the transfer/withdrawal of cryptocurrency from the Revolut platform.

The part of the complaint I can consider

I'm satisfied Mr A '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 A 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 December 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;
- 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 could have done more to prevent the scam from occurring altogether. Trading in cryptocurrency is a legitimate activity, however Revolut ought to fairly and reasonably be alert to fraud and scams and these transactions were part of a wider scam, so I need to consider whether it did enough when Mr A made the transactions.

If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr A from financial harm due to fraud. Where the payments did flag as suspicious on Revolut's systems, I've considered whether Revolut intervened when it should have done and whether the interventions were proportionate to the risk presented by the payments.

€3,011 payment on 6 December 2023

Revolut intervened and asked additional questions about this payment before allowing it to proceed. Given the amount being transferred and that it is out of step with how the account normally operates, I would expect Revolut to intervene, and I've gone on to consider if its intervention was proportionate in the circumstances.

Before allowing the payment Revolut asked Mr A a series of questions. Mr A was provided with context for this intervention with Revolut providing a warning saying "your transaction has been flagged by our systems as a potential scam. To continue, we need to ask you some questions". Mr A indicated that he agreed to answer additional questions truthfully and

understood that he may not be able to get his money back if he fails to do so.

Despite this context, Mr A misled Revolut and said that the purpose of the payment was to “buy or rent goods”. And it’s clear based on what Mr A has told us and the messages between Mr A and the scammer from the time that the true purpose of the payment was for investment. Based on the answer he gave to Revolut he was provided with tailored warnings about purchase scams saying among other things that he should research the seller, be wary of bargains and ask for proof of ownership. He confirmed after reading these warnings that he wanted to continue with the payment.

Considering the circumstances of the transfer and when it occurred I would have expected Revolut to provide a tailored written warning, which should take the form of a ‘better automated warning’. Ideally Revolut should have asked a series of questions in order to try and establish the actual scam risk. Which is what it did, it provided a better automated warning based on a series of questions. I appreciate Mr A’s representative’s argument that Revolut should have asked him additional questions and asked for documentation and evidence of what he was purchasing. However, I’m satisfied that Revolut’s intervention was proportionate. And that Mr A by misleading Revolut frustrated its attempts to uncover the scam. I’m therefore satisfied that Revolut acted fairly by allowing this transaction.

Interaction with Revolut on 7 December 2023

The day after the above payment, Mr A contacted Revolut to say he had concerns about the £2,650 payment that was made to the same beneficiary as the €3,011 payment. I therefore think that Mr A was likely speaking about the payment above.

In this chat he said he had concerns about the company as he is not 100% sure it is real. He asked to cancel the transfer. When Revolut said this wasn’t possible and advised him to contact the recipient, he said he would try but he has a bad feeling as it is a trading platform.

The messages between Mr A and the scammer show that within the hour he spoke with the scammer on the phone. And following this the scammer confirmed that it had received the funds, that Mr A should be receiving some documents – which Mr A confirmed he had signed. They then go on to discuss additional trades. I’m therefore satisfied that any concerns Mr A had about the scam company were alleviated following this interaction. This is further evidenced by Mr A subsequently making larger payments towards the scam. I’ve considered this when determining how effective further intervention from Revolut would have been.

In addition, given the length of time that had passed between the transaction and Mr A’s conversation with Revolut, I think it’s unlikely that a recovery attempt by Revolut would have been successful.

€6,900 payment on 8 December 2023

Arguably Mr A should also have received a similar intervention for this payment as he did for the €3,011 payment on 6 December 2023. This payment was significantly larger and to the same recipient.

However, considering his reaction to Revolut’s intervention when he made the earlier transfer, and the subsequent contact he had with the scammer, I think it’s likely that such a warning wouldn’t have resonated with him. Previously, Mr A didn’t select the most relevant payment purpose (investment) – therefore the warning he did receive from Revolut wasn’t tailored to his specific circumstances. His unwillingness to engage with the intervention process, and determination to complete the transactions persuade me that while Revolut

should have intervened with a written warning about investments in cryptocurrency such an intervention wouldn't have prevented Mr A's loss. And it's likely that Mr A would have selected a different payment purpose other than "investment" if he was questioned further about this payment, as he had done previously. And as such wouldn't have received the most applicable tailored warning.

I've also reviewed the chat history between Mr A and the scammer, and it is clear he trusted them and was reassured by them

Mr A was also questioned by Revolut about a cryptocurrency withdrawal on 5 December 2023. This withdrawal falls outside the scope of this complaint. However, Mr A's responses are relevant. When asked if he had researched the company, Mr A selected an option which said "yes, I have checked if the firm is on the FCA website". It is unclear if Mr A had checked the FCA register or whether he misled Revolut. Had he checked, it is likely he would have seen the FCA's warning saying he should "avoid dealing with this firm and beware of scams" and despite this warning continued with the transaction.

Alternatively, if he did not check the FCA website but claimed he had, this suggests he misled Revolut in order to complete the transaction. In either scenario, the situation demonstrates both the level of influence the scammer had over Mr A and his determination to proceed. This further persuades me that a tailored written warning for the €6,900 payment on 8 December 2023 would not have been effective at preventing Mr A's loss.

As such, I'm not persuaded that a proportionate warning from Revolut about cryptocurrency investment scams would have prevented Mr A's loss. Although Mr A has been the victim of a cruel scam, I can only uphold his complaint if I am satisfied that Revolut's failings made a material difference to the outcome. For the reasons set out above, I'm not satisfied they did.

Recovery

I don't think there was a realistic prospect of a successful recovery given the length of time between with the scam payments occurred and Mr A informing Revolut of the scam.

Compensation

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

My final decision

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 A to accept or reject my decision before 14 January 2026.

Sureeni Weerasinghe
Ombudsman