

THE COMPLAINT

Mr P holds/held an account with Revolut Ltd (“Revolut”).

Mr P’s complaint is about Revolut’s refusal to reimburse him money he says he lost due to a scam.

Mr P is represented by CEL Solicitors (“CEL”) in this matter. However, where appropriate, I will refer to Mr P solely in this decision for ease of reading.

WHAT HAPPENED

On 29 April 2025, I issued a provisional decision not upholding this complaint. I attach a copy of that provisional decision below – both for background information and to (if applicable) supplement my reasons in this final decision. I would invite the parties involved to re-read the provisional decision.

RESPONSES TO MY PROVISIONAL DECISION

Revolut did not respond to my provisional decision, but CEL did. Below is a key extract from CEL’s response:

“Revolut, as a financial institution, is a trusted source of advice and plays a crucial role in fraud prevention. Although our client may have had a level of trust in the scammer it is unreasonable and unfair to suggest that this would outweigh the impact that a warning which resonated with him would have had coming from a bank. Therefore, it is likely that had Revolut provided our client with such a warning then he would not have proceeded with this payment at this time. If he had then taken some time to reconsider this opportunity or undertake further research, then he may well have stopped making payments towards the scam altogether and the scam could have been uncovered. Even had he continued to attempt to make payments, Revolut should have known that something was wrong and could have provided a more robust intervention based upon the context of our client cancelling his previous payment. At this point, with the seed of doubt already planted from the initial effective warning, any intervention from Revolut would have been more effective and would likely have stopped all future payments to the scam.”

WHAT I HAVE 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 considered CEL’s arguments, I do not accept them.

I am not persuaded that Revolut’s position would have outweighed the trust Mr P had in the fraudsters – thereby resulting in an intervention likely being successful. I say this for the reasons I have relied on set out in my provisional decision, which were, in summary: CEL’s submissions strongly supporting Mr P’s trust in the fraudsters; Mr P not having any significant concerns at the time of the Exchange; and the fact Mr P paid the ‘tax’ without

question. Further, I am mindful of the fact that the warning I would have expected to see at the time would have been a pre-Consumer Duty written warning. Rather than a human intervention, which may have had a higher chance of success.

For the above reasons, I will not be departing from my provisional findings.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY FINAL DECISION

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 June 2025.

Tony Massiah
Ombudsman

COPY OF PROVISIONAL DECISION DATED 29 APRIL 2025

I have considered the relevant information about this complaint.

The deadline for both parties to provide any further comments or evidence for me to consider is 13 May 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I do not hear from Mr P, or if he tells me he accepts my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

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Mr P is represented by CEL Solicitors ("CEL") in this matter. However, where appropriate, I will refer to Mr P solely in this decision for ease of reading.

WHAT HAPPENED

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview.

Mr P says he has fallen victim to a cryptocurrency related investment scam. Mr P says fraudsters deceived him into making payments to what he thought was a legitimate investment with 'Polar BTC'. The transactions in question are:

- £51 card payment to Wirex on 16 March 2023 (“Payment 1”).
- £3,000 cryptocurrency exchange on 17 March 2023 (“the Exchange”).

Mr P disputed the above with Revolut by raising a complaint. Revolut refused a refund, so Mr P referred his complaint to our Service.

One of our investigators considered the complaint and upheld it in part. The investigator held that Mr P’s complaint is one our Service has jurisdiction to consider. Further, the investigator held that Revolut should have intervened in the Exchange, and had it done so, it could have prevented Mr P’s losses. So, the investigator did not ask Revolut to refund Payment 1, but asked it to refund the equivalent value of the Exchange. Mr P accepted the investigator’s findings, but Revolut did not. In summary, Revolut disputed our Service’s jurisdiction to consider Mr P’s complaint.

As Revolut did not accept the investigator’s findings, this matter has been passed to me to make a decision.

WHAT I HAVE PROVISIONALLY 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 find that the investigator at first instance erred in reaching the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Further, under the rules I must observe, I am required to issue decisions quickly and with minimum formality.

Jurisdiction

Revolut has disputed our Service’s jurisdiction to consider this complaint. Its position, broadly, is that our Service does not have jurisdiction to consider complaints where a consumer has authorised the exchange of their fiat currency into cryptocurrency in their account. Revolut contends crypto exchanges cannot be regarded as an ancillary service to payment services in circumstances where the ultimate asset which the customer receives on exchange is an unregulated cryptoasset.

I do not accept Revolut’s submissions.

Firms – such as Revolut – are regulated and authorised for payment activities, which include the accepting of deposits into an account. The exchange of money into another currency is generally considered ancillary to a regulated or otherwise covered activity – and our rules allow us to consider ancillary activities. I take the view that an exchange by a firm of fiat currency into cryptocurrency that is subsequently sent out externally can also be an ancillary activity, and therefore complaints about this fall within our jurisdiction.

Given the above – and the fact that Mr P’s complaint involves an allegation that Revolut should have intervened in the Exchange to protect him from financial harm – I am satisfied that our Service can consider this complaint.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 (“the PSRs”).

Should Revolut have recognised that Mr P was at risk of financial harm from fraud?

It is not in dispute that Mr P authorised the payment and Exchange in this matter. Generally, consumers are liable for such authorisations. However, that is not the end of the story. This is because even if authorised, there are regulatory requirements and good industry practice which suggest firms – such as Revolut – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer’s transaction to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer’s legitimate transactions.

I have borne the above in mind when considering the transactions in this matter.

Payment 1

I am not persuaded that Payment 1 was unusual or out of character. I acknowledge that it was cryptocurrency related in nature. However, I have weighed this against the fact that the transaction was relatively low in value.

For these reasons, I would not have expected Payment 1 to have triggered Revolut’s fraud detection systems.

The Exchange

I am persuaded that the Exchange was unusual and out of character. I say this given its value and the fact that it was an exchange of fiat currency into cryptocurrency.

What kind of intervention should Revolut have carried out regarding the Exchange?

Given the above aggravating factors, I take the view that it would have been reasonable for the Exchange to have triggered Revolut’s fraud detection systems; prompting it to intervene to try to protect Mr P from financial harm.

I am mindful of the fact that the Exchange occurred in March 2023. I have taken this together with the aggravating factors present. In doing so, my view is that a proportionate intervention to the risk identified would have been for Revolut to have provided Mr P with an automated tailored written warning relevant to cryptocurrency scams – tackling some of the key features of the scam.

Revolut did provide Mr P with a warning regarding the Exchange. However, the warning was not the one I have described above.

If Revolut had intervened in the way described, would that have prevented the losses Mr P suffered?

I have explained why it would have been reasonable for the Exchange to have triggered an intervention from Revolut. So, I must now turn to causation. Put simply, I need to consider whether Revolut’s failure to intervene caused Mr P’s losses. To do this, I need to reflect on whether such an intervention (described above) would have likely made any difference.

Having done so, I am not persuaded that it would have. I take the view that, on the balance of probabilities, Mr P would have frustrated Revolut's attempt to intervene to protect him from financial harm – thereby alleviating any concerns Revolut had.

I have reached this view for the following reasons.

The investigator at first instance held, amongst other things, *"I've seen no evidence of coaching within the communication between [Mr P] and Polar BTC, and had [Mr P] been told to lie to or mislead Revolut, I think this would've made him question the legitimacy or what purported to be a genuine investment company."*

I cannot safely conclude what Mr P would have done had the fraudsters told him to lie or mislead Revolut. I say this due to the absence of relevant evidence on this point. However, I do accept that there does not appear to be any evidence to suggest Mr P was told to lie or mislead Revolut.

In addition to the above, I have also taken into account the below factors.

First, turning to CEL's submissions on Mr P's behalf. Their submissions help paint a picture of the trust and relationship Mr P developed with the fraudsters during the scam:

- The fraudsters' website looked *"extremely genuine and slick and caused no concerns for him [Mr P]."*
- Mr P signed a contract that the fraudsters provided him with which *"... looked genuine and reassured your customer [Mr P] that he was dealing with a genuine company."*
- *"Your customer acted in good faith, **placing his total trust in the scammer** [emphasis added]."*
- *"He had no reason to believe he was being scammed due to his trusting and caring nature by not believing someone could do such a thing especially not someone he had built up a **friendship** with over time [emphasis added]."*

Secondly, turning to the communication between Mr P and the fraudsters. They suggest that Mr P trusted the fraudsters – thereby supporting CEL's submissions above. For example, there is no evidence at the time of the Exchange which suggests that Mr P had any concerns about the investment. Further, when the fraudsters asked Mr P to pay 'tax' – later in the scam – so he could withdraw his funds, he did not question this robustly. Instead, Mr P trusted the fraudsters and paid £4,900 from his Barclays Bank account on 31 May 2023.

I have weighed the above factors together. Having done so, I am persuaded, on balance, that Mr P would have frustrated Revolut's attempt to protect him from financial harm. That is, I find it unlikely that Mr P would have heeded the warning I have described.

I acknowledge that Mr P was not coached by the fraudsters. However, it does not necessarily follow from this that a written warning from Revolut would have been successful. I cannot ignore the degree of trust and relationship that had developed between Mr P and the fraudsters, which, to my mind, would have likely had some bearing on the effectiveness of a written warning had Revolut provided one. From what I can see, at the time of the Exchange, the fraudsters had not done or said anything to make Mr P have any concerns about the scam. Given Mr P's relationship with the fraudsters at the time of the Exchange, I find it unlikely that he would have heeded a written warning from Revolut. To my mind, it would not be unreasonable to suggest, for example, that Mr P would have likely spoken to

the fraudsters about any such warning – much like he did when the fraudsters asked him to pay tax so he could withdraw his funds.

Recovery of funds

I have considered whether Revolut acted appropriately to try to recover Mr P's funds once the fraud was reported.

Chargeback (Payment 1)

Chargeback is an entirely voluntary scheme, which means firms are under no formal obligation to raise a chargeback claim. The relevant scheme operator can arbitrate on a dispute between a merchant and customer if it cannot be resolved between them. However, such an arbitration is subject to the rules of the relevant scheme – so there are limited grounds on which a chargeback can succeed.

The service of purchasing cryptocurrency/exchanging funds into cryptocurrency – is not covered under the chargeback scheme concerned in this matter. This is because the exchanges in question provided their services as intended. This also applies to any payment processor involved, as they would have carried out their services as intended when transferring funds.

For these reasons, I find that any chargeback claim in this matter had little chance of success under the relevant chargeback scheme. It follows that I would not have expected Revolut to raise one on behalf of Mr P.

The Exchange

As Mr P exchanged his funds into cryptocurrency – which would have been forwarded on in this form – there would not have been any funds to recover.

So, I am satisfied that it is unlikely Revolut could have done anything to recover Mr P's funds.

Vulnerabilities

CEL, on behalf of Mr P, submit that Mr P was vulnerable at the time of the scam. They state, Mr P had recently lost his wife – the impact of which allowed the fraudsters to take advantage of him. Further, CEL submit that Mr P was vulnerable due to his age.

Whilst Mr P has my sympathies, I am not persuaded his circumstances would amount to him being considered as vulnerable. Further, I cannot see that Revolut knew or ought to have known about Mr P's personal issues (relating to his late wife) at the time of the scam. Therefore, I do not find that Revolut should have dealt with Mr P's payments any differently in this regard.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. I have not found any errors in Revolut's investigation. Any distress and/or inconvenience Mr P has suffered is a result of the fraudsters' actions – not Revolut's.

Conclusion

Taking all the above points together, I do not find that Revolut has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Revolut to do anything further.

In my judgment, this is a fair and reasonable outcome in the circumstances of this complaint.

MY PROVISIONAL DECISION

For the reasons set out above, I am currently minded to not uphold this complaint against Revolut Ltd.

Tony Massiah
Ombudsman