

## **The complaint**

Mr W complains that Revolut Ltd hasn't protected him from losing money to a scam.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mr W has explained that in April to May 2023 he made 13 payments totalling over £140,000 from his Revolut account as a result of what he thought was a legitimate investment. Mr W subsequently realised he'd been scammed and got in touch with Revolut. Ultimately, Revolut didn't reimburse Mr W's lost funds, and Mr W referred his complaint about Revolut to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I sent Mr W and Revolut my provisional decision on 20 May 2025. Now both parties have had fair opportunity to respond, I'm ready to explain my 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 conclusions and for the same reasons as explained in my provisional decision. Revolut responded to my provisional decision and said that it had no further points to add. And Mr W responded and said he accepts my provisional decision. I've therefore found no reason to depart from my provisional decision. I've explained the reasons for my decision again below.

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.

And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the

payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut's contract with Mr W modified the starting position described in *Philipp*, by – among other things – expressly requiring Revolut to refuse or delay a payment “*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*” (section 20).

So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in April and May 2023 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut did in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>1</sup>
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;

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<sup>1</sup> For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: [https://www.revolut.com/news/revolut\\_unveils\\_new\\_fleet\\_of\\_machine\\_learning\\_technology\\_that\\_has\\_seen\\_a\\_fourfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/)

- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

For example, it is my understanding that in April and May 2023, Revolut, whereby if it identified a scam risk associated with a card payment through its automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat).

I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3)<sup>2</sup>.
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the *“Financial crime: a guide for firms”*.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor its customer’s accounts and scrutinise transactions.
- The October 2017, BSI Code<sup>3</sup>, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).
- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer’s control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer’s own name. And, increasingly, we have seen the use of an EMI

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<sup>2</sup> Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

<sup>3</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

(like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.

- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).

Overall, 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 April and May 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 – (as in practice Revolut sometimes does); and
- 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.

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

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

I'm aware that cryptocurrency exchanges like the ones Mr W paid generally stipulate that the card used to purchase cryptocurrency at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that these payments would be credited to a cryptocurrency wallet held in Mr W's name.

By April and May 2023, 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<sup>4</sup>. And by March 2023 further restrictions were in place<sup>5</sup>, leaving 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 (and which featured in this case, with Mr W being instructed by the scammers to open the Revolut account as part of the scam).

So, taking into account all of the above, I am satisfied that by the end of 2022, prior to the payments Mr W made in April and May 2023, 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 the consumer's own name.

To be clear, it is the specific risk associated with cryptocurrency in April and May 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 the payments in this case were going to an account held in Mr W's name should have led Revolut to believe there wasn't a risk of fraud.

So I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr W might be at a heightened risk of fraud that merited its intervention. And I think that because of what I've said about cryptocurrency above, Revolut ought to have recognised Mr W was at heightened risk of fraud that merited

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<sup>4</sup> See for example, Santander's limit of £1,000 per transaction and £3,000 in any 30-day rolling period introduced in November 2022.

NatWest Group, Barclays, Lloyds Banking Group and Santander had all introduced some restrictions on specific cryptocurrency exchanges by August 2021.

<sup>5</sup> In March 2023, both Nationwide and HSBC introduced similar restrictions to those introduced by Santander in November 2022.

its intervention when he instigated his second payment – the one for £5,000 to a cryptocurrency provider, which happened on 18 April 2023. Then I think that given the size of the payment which was to materially a new payee, Revolut's concern ought to have escalated on 24 April 2023 when Mr W made his sixth payment to the scam from his Revolut account which was for £30,000, a really significant amount.

#### What did Revolut do to warn Mr W?

I understand that Revolut has said that all of Mr W's card payments were 3DS verified; that Mr W was shown, in-app, its standard new beneficiary warning for each new beneficiary he transferred money to; and that for payment five (the one for £1,000 on 24 April 2023), it asked Mr W what this payment was for, Mr W selected, from the answers available for selection, "safe account transfer", and that Mr W would consequently have been shown some information, in-app, about safe account scams, before he could complete the payment.

#### What kind of warning should Revolut have provided?

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 these ones 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 these payments were made.

Taking that into account, I think that Revolut ought, when Mr W instructed his second payment, knowing the payment was going to a cryptocurrency provider, to have provided, at a minimum, a warning (whether automated or in some other form) that was specifically about the risks of cryptocurrency scams, given how prevalent they had become by the end of 2022.

I think such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment 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: an advertisement on social media, promoted by a celebrity or public figure; 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. 'Fees' becoming payable to initiate withdrawals that then don't fully materialise or are restricted would also be a common theme.

I recognise that a warning of this 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 W.

Having thought carefully about the risk Mr W's sixth payment, which was for £30,000, presented, I think this warranted an escalation in intervention – I think a proportionate response to this risk would be for Revolut to have attempted to establish the circumstances surrounding this sixth payment before allowing it to debit Mr W's account. I think it should have done this by, for example, directing Mr W to its in-app chat to discuss the payment further.

#### If Revolut had provided a warning of the type described, would that have prevented the losses Mr W suffered from either the second or sixth payment?

Despite the circumstances surrounding Mr W's payments carrying several key hallmarks of common cryptocurrency scams, I'm not persuaded in the circumstances of this particular

case that a proportionate tailored written warning about cryptocurrency investment scams would likely have prevented Mr W continuing with his second payment. I say this because from the information I've seen, whilst I wouldn't say Mr W was under the spell of the scam or scammer such that he wouldn't have taken on board impactful relevant warnings, I do think he was sufficiently careless such that an in-app written warning probably would have lacked the impact, in this particular case, necessary to really make Mr W stop and think about what he was doing. So I don't think a proportionate intervention from Revolut at the point of the second payment would most likely have made a difference to what Mr W actually did.

At the point of payment six, however, as I've said, I would expect human intervention from Revolut, for example by directing Mr W to its in-app chat to discuss the payment further. This was a really big payment worthy of a probing and particularly impactful intervention. I don't think Mr W was as careful as he reasonably ought to have been. But I have been provided with information from two third-party banks Mr W had accounts with, from which Mr W instructed payments linked to the funding of the 'investment', that persuades me Mr W likely would have been open and upfront with Revolut, in an appropriate in-app chat, that his payment was for cryptocurrency, and that it was for an investment with or promoted by a very well-known public figure. Now, in deciding this, I take on board that Mr W had already been asked for the purpose of his fifth payment to the scam and he said "safe account transfer". But I think Mr W probably said this because he did consider the crypto account and/or investment to be a safe account, rather than trying to mislead Revolut. But I'd expect Revolut to have been agile and dynamic in its interactions with Mr W in the in-app chat, and Revolut has previously said itself that its in-app chat is intended to be highly effective at uncovering scams. And I've seen no persuasive evidence Mr W would have been coached on this. And as I've said, Mr W was open with a third-party payment service provider. Unfortunately, I can't see that Mr W was then provided with an impactful warning about the particular features that made it so likely he was being scammed.

In circumstances like this, I need to make up my mind based on the balance of probabilities, and I think it's fair to say that had this happened as I think it should have, it's more likely than not that such appropriately impactful warnings about cryptocurrency investment scams and information about how he could protect himself from the risk of fraud would have resonated with Mr W. This was a really big payment, a lot of money to lose. And he could have looked more closely into the 'broker' or 'platform' before proceeding further, as well as making further enquiries about cryptocurrency scams. And I think it's likely Mr W would quickly have realised from what Revolut told him, and if necessary subsequent research, that the very fact the opportunity was purporting to be promoted by a particular well-known figure, made the likelihood he was being scammed basically 100% in the circumstances here. So whilst I acknowledge I can't be certain about things, I think it's more likely than not that a timely and impactful warning to Mr W from Revolut would most likely have caused him to take steps that would then have prevented his further loss to the scam from the sixth payment onwards.

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

In reaching my decision about what is fair and reasonable, I have taken into account that the funds that Mr W lost originated from his accounts with third-party payment service providers.

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr W might have been at risk of financial harm from fraud when he made the sixth payment and in those circumstances it should have declined or paused the payment and made further enquiries. If it had taken those steps, I am satisfied it would have most likely prevented the losses Mr W suffered from the sixth payment onwards. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr W's own crypto account(s) does not alter that fact and I think Revolut can fairly be held responsible for Mr W's loss in such circumstances. I don't think there is any point of law or principle that

says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr W has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr W could instead, or in addition, have sought to complain against those firms. But Mr W has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Mr W's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr W's loss from the sixth payment onwards (subject to a deduction for Mr W's own contribution which I will consider below).

#### Should Mr W bear any responsibility for his loss?

I've thought about whether Mr W should bear any responsibility for his loss, which from the sixth payment onwards amounts to £126,848.09. This is because payments six to 13 total £129,897, but Mr W received a credit from a crypto exchange of £3,048.91 on 10 May 2023 which he wouldn't have received but for payments six to 13 (and £129,897 less £3,048.91 is £126,848.09). I've considered what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I agree with our Investigator about this. I don't think it's unfair to say Mr W wasn't as careful with these payments as I'd reasonably expect. Whilst I do think appropriate and impactful warnings from Revolut on the sixth payment would probably have made a difference, the fact remains that Mr W really ought to have been more careful with these payments and I would have expected him to be much more cautious, prudent and attentive before making such large payments. Such that I'm satisfied that to reflect this Mr W should share equal responsibility with Revolut for the loss of the £126,848.09. This means I'm satisfied Revolut should therefore pay Mr W a total of £63,424.05 (which is 50% of £126,848.09).

#### Recovery of funds

For completeness, I've considered whether Revolut unreasonably failed to recover Mr W's payments after they were made. But in the circumstances of this case where the payments were made for cryptocurrency and then sent onto the scammers – and before Mr W notified Revolut that he'd been scammed – there wouldn't reasonably have been anything Revolut could have done to recover these funds for Mr W. So I can't say Revolut unreasonably missed an opportunity to recover the funds.

#### Interest

I consider 8% simple interest per year fairly reflects the fact Mr W has been deprived of this money. So Revolut should also pay Mr W interest on the £63,424.05 from the date of loss to the date of settlement calculated at this rate.



### **My final decision**

For the reasons explained, I uphold this complaint in part and I direct Revolut Ltd to pay Mr W £63,424.05 plus interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement. If Revolut deducts tax from this interest, it should provide Mr W with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 1 July 2025.

Neil Bridge  
**Ombudsman**