

The complaint

Mr G complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr G is being represented by a third party. To keep things simple, I will refer to Mr G throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr G came across an investment company I will call "X" via social media. Mr G says he carried out some research on X before deciding to invest.

Mr G made several payments into the investment before he started to have concerns. Mr G contacted Action Fraud, the Police and Revolut at the time he had concerns but went on to make further payments having had further conversations with X.

As part of the investment process Mr G was required to download screensharing software and had access to X's trading platform where he could see his investments in real time.

Mr G realised he had fallen victim to a scam when he attempted to withdraw his funds but was required to make more payments.

What I can and can't look into in relation to this complaint

Our service can't consider all complaints that are referred to us. The rules under which we operate are set out in the Financial Conduct Authority's Handbook and are collectively known as the DISP rules. We can only consider complaints that fall within our jurisdiction, in line with these rules.

Particularly relevant to Mr G's complaint is DISP 2.2 which states:

"DISP 2.2: Which complaints can be dealt with under the Financial Ombudsman Service?
2.2.1 The scope of the Financial Ombudsman Service's two jurisdictions depends on: (1) the type of activity to which the complaint relates..."

Those activities are then listed in DISP 2.3 (although I will not list all of them here). We can only consider complaints that relate to an act or omission by a financial business in carrying out one or more of the activities listed in DISP 2.3.

Cryptocurrency isn't electronic money or fiat currency according to the Financial Conduct Authority. Instead, it classifies cryptocurrency, and similar cryptocurrency-assets, as 'exchange tokens'. The operation of cryptocurrency services isn't currently regulated by the financial regulator in the UK.

There are no activities listed in DISP 2.3 which would cover the activity this part of Mr G's

complaint relates to – namely, withdrawing the cryptocurrency and sending it on to the scammer. And so, I don't think his complaint in relation to the cryptocurrency payments relates to an activity covered by us.

I am mindful that Mr G deposited fiat currency to his Revolut account and then exchanged this into the cryptocurrency which was withdrawn and ultimately lost to the scam. But the sending of the cryptocurrency was provided separately from the provision of Mr G's main e-money account. In the circumstances, I don't consider Revolut's provision of sending cryptocurrency services to be sufficiently closely linked to its provision of payment services to Mr G (through the provision of his e-money account) that it should be deemed ancillary to this. So, I'm satisfied that this service is unable to investigate the withdrawal of cryptocurrency here.

What I can look at, is whether Revolut should have intervened when the deposits into Mr G's account were made and when the funds were converted into cryptocurrency. I can also look at payments Mr G made directly to a cryptocurrency exchange.

Mr G has disputed the following payments made in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	3 July 2023	Binance	Debit Card	£5,000
2	3 July 2023	Binance	Debit Card	£5,000
3	3 July 2023	Binance	Debit Card	£3,000
4	20 July 2023	Binance	Debit Card	£5,000
5	20 July 2023	Binance	Debit Card	£3,250
6	20 July 2023	Exchanged to BTC		£10,100
7	20 July 2023	Binance	Debit Card	£5,000
8	20 July 2023	Binance	Debit Card	£1,000
9	20 July 2023	Binance	Debit Card	£4,000

Mr G also made the following cryptocurrency withdrawal in relation to the scam:

<u>Date</u>	<u>Description</u>	<u>Amount</u>
20 July 2023	Withdrawal	£1,951.70

Our Investigator considered Mr G's complaint and thought it should be upheld in part. Revolut disagreed. In summary Revolut said:

- The payments Mr G made in relation to the claim were self-to-self transactions meaning the fraudulent transactions did not take place within the Revolut platform
- FOS' recent reliance on R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin) is misconceived and amounts to a legal error.
- Interventions from other account providers should be considered.
- Crypto withdrawal should be considered ineligible from this complaint.

As Revolut didn't agree this complaint has been passed to me to decide.

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.

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 Mr G'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 G was at risk of financial harm from fraud?

Our service would not generally expect interventions or additional checks/discussions with a customer to be carried out by a receiving bank when a customer is depositing money from their own account, unless the receiving bank had money-laundering concerns which wasn't the case here. So, overall, I don't think Revolut needed to be concerned with the incoming payments or take any action in response to them. I don't think these deposits themselves were unusual or suspicious.

Mr G had previously made large payments from his account, and made payments in relation to cryptocurrency, but by the time Mr G made payment 3 he was sending a third payment the same day to a cryptocurrency exchange with the total value of the payments being £13,000. Considering the increased risk associated with this type of payment I think Revolut should have had concerns that Mr G could have been at risk of financial harm and it should have intervened.

What kind of warning should Revolut have provided?

Considering the risk associated with payment 3 I think an appropriate intervention would have been for Revolut to have asked Mr G a series of questions with the aim being to uncover the circumstances that led to it, and then to provide a suitable warning. Revolut could have done this for example by directing Mr G to its in-app chat facility.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr G suffered from payment 3?

Mr G had concerns about the payment he had made after making payment 3 and contacted Revolut where he told Revolut he had fallen victim to a scam and reported the matter to the police and action fraud. Revolut appears to have accepted what Mr G told it but details of the scam were not discussed, and no relevant warnings were given to Mr G.

Following this conversation X was able to convince Mr G that it was genuine and he made further payments.

Had Revolut intervened when Mr G made payment 3 and Mr G told Revolut the truth surrounding the payment, that he had found an investment company on social media and was required to download screensharing software as part of that investment, I think it would have immediately recognised that he was falling victim to a scam. It would have been able to provide a very clear warning and, given that Mr G had no desire to lose his money it's very likely that he would have stopped, not followed the fraudster's instructions and his loss would have been prevented.

So, I've considered whether Mr G would have revealed the truth surrounding the payment he was making. It doesn't appear that Mr G was given a logical cover story by X when he was making the payments and I don't have enough to say he would not have been honest had he been questioned by Revolut.

Ultimately, as Revolut didn't question the payments Mr G made, it can provide no compelling evidence that he would have misled it about the purpose of the payment or the surrounding circumstances.

So, Revolut should, once it had established why Mr G was making the payments, provided a very clear warning that it was likely Mr G was falling victim to a scam.

I think, on the balance of probabilities, that this warning would likely to have caused Mr G to stop. He had previously had concerns of his own and didn't want to lose his money. I'm satisfied that had Revolut established the circumstances surrounding payment 3, as I think it ought to have done, and provided a clear warning, Mr G's loss from and including payment 3 would have been prevented.

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

I have taken into account that Mr G remained in control of his money after making the payments from Revolut. Mr G's funds weren't lost until he took further steps. But Revolut should still have recognised that Mr G was at risk of financial harm from fraud, made further enquiries about payment 3 and ultimately prevented Mr G's loss from that point. I think Revolut can fairly be held responsible for Mr G's loss in such circumstances.

Revolut has addressed an Administrative Court judgment, 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. For the reasons given above, I'm satisfied that Revolut can fairly be held account for Mr G's losses from payment 3 onwards.

Should Mr G bear any responsibility for his losses?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% from payment 4 onwards on the basis that Mr G should share blame for what happened. It's clear that Mr G had concerns of his own at an early stage (after making payment 3), enough so that he contacted the Police and Action Fraud. I think Mr G should have at this point sought further advice, be that professional or from friends and family.

Had Mr G sought further advice I think it's likely he could also have prevented the scam.

Recovering the payments Mr G made

Mr G made payments into the scam via his debit card. When payments are made by card the only recovery option Revolut has is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid and potentially succeed. Time limits also apply.

The card payments Mr G made went to a legitimate cryptocurrency exchange, and were made in exchange for cryptocurrency, as there is no dispute that cryptocurrency was provided in exchange for the payments, and it took further steps for those funds to end up in the hands of the scammer, any attempt to recover the payments would have no prospects of success.

Putting things right

To put things right Revolut Ltd should:

- Refund payment 3 in full as Mr G did not appear to have concerns until after this payment was made
- Refund 50% of the payments made from payment 4 onwards
- The refund shouldn't include the full £10,100 that was initially exchange to BTC but should include the amount of GBP equivalent of the BTC that was sent to the scammer
- Add 8% simple interest to the amount it pays Mr G from the date of loss to the date the payment is made (less any lawfully deductible tax)

My final decision

I uphold this complaint and require Revolut Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 November 2025.

Terry Woodham
Ombudsman