

## The complaint

Mr C is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr C fell victim to a cruel investment scam. After responding to an advert promoting cryptocurrency investing that appeared to be endorsed by a well-known celebrity, Mr C was contacted by the scammer. The scammer helped him set up an account on a fake platform that appeared to show the trades conducted and profits generated on his behalf. He was also advised to set up an account with Revolut and a cryptocurrency exchange.

Between April and June 2023, Mr C made the following payments to the cryptocurrency exchange that were lost to the scam after cryptocurrency purchased and transferred to the scammer:

No.	Date	Amount £	Type
1	25 Apr	1,631.84	Card
2	25 Apr	2,039.80	Card
3	25 Apr	1,336.07	Card
4	27 Apr	2,039.80	Card
5	27 Apr	2,039.80	Card
6	27 Apr	933.21	Card
7	2 May	10,000	Transfer
8	3 May	1,529.85	Card
9	3 May	1,529.85	Card
10	3 May	1,529.85	Card
11	3 May	509.95	Card
12	26 May	8,250	Card
13	14 Jun	4,282.09	Card
14	14 Jun	4,982.47	Card
15	14 Jun	4,584.57	Card
16	14 Jun	2,998.55	Card
17	14 Jun	2,398.89	Card
18	15 Jun	9,500	Transfer
19	15 Jun	10,000	Transfer
20	16 Jun	15,500	Transfer
21	20 Jun	7,000	Transfer
22	20 Jun	2,300	Transfer

In making this complaint, Mr C's representative also referred to a payment of £1,000 on 15 June 2023, but statements provided shows this went to his bank account and not to the cryptocurrency exchange so I haven't included it in the list above.

Mr C says he realised this was a scam when he was asked to pay money to withdraw his funds. After he reported this to Revolut, I understand it was only able to recover £4.90 only from the receiving account.

### **My provisional decision**

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be partly upheld. My reasons were as follows:

*In this case, there's no dispute that Mr C authorised the above payments. 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 by April 2024 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;*
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;*
- 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.*

*Taking these points into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr C.*

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

*One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or the purchase of cryptocurrency and I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have appeared suspicious.*

*Nonetheless, Revolut ought to have known that the payments were going to a cryptocurrency exchange. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.*

*Mr C opened his Revolut account on 20 April (five days before the first payment) and stated the purpose of the account was to purchase cryptocurrency. With this in mind, and given they were relatively low in value, I don't think Revolut should have been particularly concerned about the first two payments. But by the time of payment 3, Mr C had made three payments to cryptocurrency totalling over £5,000 on the same day. I think this is the point at which Revolut should have identified he may be at risk of harm from fraud and intervened before the payment was processed.*

*What did Revolut do to warn Mr C before payment 3?*

*Revolut has said that prior to this payment it showed Mr C a series of generic 'dynamic educational stories' about scams and asked the purpose of the payment. It says he was then asked to confirm the purpose of the payment and he selected the option that said 'transfer to a safe account' from a list that also included 'investment' and 'cryptocurrency'. Revolut then says Mr C was shown warnings about safe account scams before the payment was confirmed.*

*Revolut did go further with its intervention prior to payment 7 when one of its agents spoke to Mr C via the in-app chat. I'll refer to this intervention again later.*

*What kind of warning should Revolut have provided before payment 3?*

*In addition to the fact that this was the third payment (with a combined value of over £5,000) in a single day, Revolut's intervention also ascertained that Mr C was saying he transferring money to a safe account. In the circumstances, I think it was right to show warnings relating to safe account scams. But when he still wanted to go ahead, I think Revolut should have taken further action. It would have known that it was almost certainly a scam if Mr C had genuinely been asked to transfer money to a safe account. Or, if this wasn't what was really happening – and transferring money to cryptocurrency wouldn't normally be consistent with this payment purpose, the fact Mr C wasn't providing an accurate answer should also have aroused suspicion. Either way, I find that further intervention was warranted at this point.*

*Having thought carefully about the risk this payment presented, particularly after Mr C said he still wanted to go ahead despite the safe account warnings, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit his account. I think it should have done this by, for example, directing him to its in-app chat to discuss the payment further.*

*If Revolut had intervened in the way I've described, would that have prevented the losses Mr C suffered from payment 3?*

*In considering this point, I have been mindful that Mr C didn't initially provide accurate information when asked about the purpose of the payment. But he did speak to a Revolut agent a few days later in connection with payment 7 on 2 May 2023. Again, I understand that he initially answered that he was transferring money to a safe account, but when the agent asked him in the chat he was quite open that he was buying cryptocurrency. I've seen nothing in the chats with the scammer that have been provided to show he was coached to lie if asked about the payments he was making and I think it's likely he'd have also disclosed this information if asked in connection with payment 3.*

*I am aware the intervention on 2 May wasn't successful in stopping the scam. But I'm not convinced this was a particularly effective intervention. In addition to asking about the purpose of the payment, Revolut's agent asked some supplementary questions, including whether Mr C had been pressured into acting quickly, promised returns that were too good to be true, carried out his own research, encouraged to make the payment by someone he'd met online recently, and if he owned the account he was transferring money to. Mr C didn't say that he'd been encouraged to invest by someone he'd met recently, but otherwise I think the answers he gave were reasonable in the circumstances.*

*My first issue with the agent's intervention is that Mr C was asked only closed questions. He wasn't asked to explain how the investment came about, where he saw the opportunity, what sort of returns he'd been led to expect or what information he'd received about the investment for example. My second issue is that the agent seems to have accepted Mr C's answers and unblocked the payment with no record of any further warnings.*

*As I've said, I don't think Mr C was trying to hide what he was doing as he openly told the agent on 2 May that he was buying cryptocurrency. If an appropriately skilled agent had spoken to him prior to payment 3 and asked relevant open and probing questions about the investment, I think they should have been able to discover that Mr C had responded to an advert on social media that appeared to have a celebrity endorsement, was being offered unrealistic returns, had been guided through the process of setting up accounts by someone he'd never met, been advised to download screen-sharing software to facilitate this, had been set up with an account on a website that appeared professional, and was being asked to purchase cryptocurrency and transfer this to a wallet he didn't control. All of these are common features of many investment scams and an agent should have recognised this.*

*Once an agent had established Mr C may be falling victim to an investment scam, they should have provided a clear tailored warning setting out common features of this type of scam, including those listed above. If he'd received such a warning prior to payment 3 being completed, I think Mr C would have recognised many of these features in his own situation and it would have resonated with him. On balance, I think it's likely that a tailored warning of the type I've described would have opened his eyes to the scam and stopped him from continuing with payment 3.*

*I think it follows that if the scam had been uncovered at the point of payment 3, payments 4 to 22 would also have been prevented.*

*What about the actions of Mr C's bank?*

*This was a multi-stage fraud that saw Mr C move money from his bank to Revolut and then eventually onto the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted Mr C's bank to establish if it attempted any kind of intervention before transferring his money to Revolut and, if so, how this affects my assessment of whether or not he acted reasonably in the circumstances.*

*The bank has confirmed that it asked Mr C about the purpose of his transfers to Revolut on 25 and 27 April and he selected that he was transferring to his own account, which was correct. Based on this answer, the bank says it showed him warnings about safe account scams that didn't apply to his circumstances.*

*On balance, I don't think there was any intervention by Mr C's bank that should particularly have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances with which he was faced.*

*Is it fair and reasonable for Revolut to be held responsible for some of Mr C's loss?*

*In reaching my decision about what's fair and reasonable, I have taken into account that Mr C paid money using his Revolut account to another account in his own name, rather than directly to the scammer, so he remained in control of the money after he made the payments, and there were further steps before the money was lost to the scammer.*

*However, for the reasons I've set out above, I'm satisfied it would be fair to hold Revolut responsible for Mr C's loss from payment 3, subject to a deduction for his own contribution towards this. As I've explained, the potential for multi-stage scams, particularly those involving cryptocurrency, ought to have been well known to Revolut. And as a matter of good practice, I consider it fair and reasonable that it should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.*

*I have also taken into account that other businesses were involved in the overall process that ended up with payments being made to the scammer, and that Mr C might potentially have a claim against them in respect of their actions (although those businesses are not a party to this complaint and so I make no finding about their role here).*

*Whilst the dispute resolution rules (DISP) give me the power (but do not compel me) to require a financial business to pay a proportion of an award in circumstances where a consumer has made complaints against more than one financial business about connected circumstances, Mr C has not referred a complaint about any other business to me and DISP does not empower me to instruct him to make or refer a complaint to me about another business.*

*Should Mr C bear any responsibility for his losses?*

*In addressing this point, I've considered what's fair and reasonable in the circumstances of this complaint.*

*I've considered the evidence carefully and, while I accept Mr C believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one. Apart from anything else, the information Mr C has provided shows the investment scheme claimed to offer guaranteed returns of between 12 and 40% each month. These returns are extremely high and I think he should reasonably have questioned whether this was too good to be true.*

*In the circumstances, I think Mr C ought to have proceeded only with great caution. If he'd carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.*

*Recovery of funds*

*I've also looked at whether Revolut could or should have done more to try and recover Mr C's losses once it was aware the payments were the result of fraud.*

*I understand Mr C first notified Revolut of the fraud in the early part of 2024, several months after the last payment. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and it's not surprising that Revolut was only able to recover such a small amount.*

*Mr C 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 try to recover the funds from Mr C's own account and it appears almost all the money had already been moved on and, if not, anything that was left would still have been available to him to access.*

*As some of the payments outlined above were card payments, 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.*

*I'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 C 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 C'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.*

*So I don't think anything that Revolut could have done differently would have led to any more money being successfully recovered.*

*In conclusion*

*For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr C and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payments 1 and 2 in line with Mr C's instructions, if it had carried out an appropriate intervention before payment 3 debited his account, I'm satisfied payments 3 to 22 would have been prevented.*

## **The responses to my provisional decision**

Mr C's representative confirmed his acceptance of my provisional decision. Revolut confirmed it accepted my provisional decision but also wanted to point out that the first payment to receive an alert was payment 7 on 2 May 2023 and not payment 3 on 25 April.

## **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 note Revolut has confirmed its acceptance of my provisional decision but in light of its additional comments I think it's appropriate for me to clarify the situation in respect of its intervention.

It remains my view that Revolut should have intervened prior to payment 3 for the reasons I've explained. Contrary to my previous understanding, it now appears no intervention took place at this time rather than the intervention I've described and concluded was ineffective. I thank Revolut for highlighting this but it doesn't change my view on the sort of intervention that should have taken place before payment 3 was processed and whether that would have been effective in uncovering and stopping the scam at that point. So my overall conclusion on how the complaint should be resolved hasn't changed.

### **Putting things right**

The principal aim of any award I make must be to return Mr C to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr C would have retained the money that was lost from payment 3 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr C's own contribution towards the loss.

To put things right, Revolut should pay Mr C compensation of C - D, where:

- A = a refund of 50% of each of payments 3 to 22 outlined above;
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid;
- C = A + B; and
- D = £4.90, being the amount recovered from the scam

Interest is intended to compensate Mr C for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr C with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

### **My final decision**

My final decision is that I partly uphold this complaint. Subject to Mr C's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 29 July 2025.

James Biles  
**Ombudsman**