

The complaint

Mr T 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 T was contacted by the scammer through a messenger app and was added to several group chats. He was persuaded to transfer approximately £14,000 to his cryptocurrency account and then onto a fake trading platform. Mr T originally received a small return, which persuaded him that the investment was legitimate. The scammer led him to believe that he would be able to withdraw additional funds, but this didn't happen.

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

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

Our Investigator concluded that Revolut should have been concerned about the £4,000 exchange on 27 July 2024 considering the amount involved and the fact it was out of step with how the account normally operates. However, she wasn't persuaded that a proportionate intervention would have made a difference given how Mr T responded to later interventions.

Mr T's representative disagreed. They acknowledged that Mr T didn't disclose the true purpose of some of the payments, but they believe that a stronger more specific warning about cryptocurrency scams would have resonated with Mr T and prevented his loss.

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 discourtesy 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 T'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 T's complaint which relates to the transfer or withdrawal of cryptocurrency from the Revolut platform. I've explained why below.

Mr T 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 we aren'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 T'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 was 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 T 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 T'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 T '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 T 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 June 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;
- 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 T 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 T 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.

Mr T exchanged £4,000 to USDT on 27 July 2024, a substantial increase from prior exchanges of about £300 and £200, making the transaction unusual for the account. As such I think Revolut should have intervened.

Considering the circumstances, I think a proportionate response would have been for it to have asked Mr T why he was completing the transaction and to then have given him a written warning tailored to cryptocurrency investment scams.

I’ve thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case and have considered how Mr T interacted with Revolut when it intervened the previous day, regarding an attempted £4,958.24 transfer to a cryptocurrency exchange.

During this interaction Mr T was directed to a warning saying “protect your funds by being scam aware – there’s a high risk that this payment is a scam. Answer questions and read the potential risks to enable payments like this”. He agreed to answer questions truthfully and confirmed he wasn’t being guided or prompted to make the payment. Instead of

selecting “investing” as the purpose of the payment – he instead said it was to complete a task for a job. He was provided with tailored warnings about job scams saying among other things that this is likely a job scam. He confirmed after reading these warnings that he wanted to continue with the payment.

This payment ultimately didn’t go through, and Mr T reattempted it almost immediately and went through the same process. This time, he selected the payment reason as wanting to buy or sell goods. He again didn’t mention his intention to invest the funds. And based on his answer, was provided with a tailored warning about purchase scams. He also confirmed he was completing the transaction, nobody was forcing him to transfer funds, and that he had been able to withdraw funds from his cryptocurrency account. However, as there was an overlap with the previous payment attempt this payment also didn’t go through.

Arguably Mr T should also have received a similar tailored warning when he requested to exchange funds to USDT the following day. But considering his reaction to Revolut’s intervention when he attempted to transfer funds to a cryptocurrency exchange – I think it’s likely that such a warning wouldn’t have resonated with him. Mr T repeatedly didn’t select the most relevant payment purpose (investment) – therefore the warnings he did receive from Revolut weren’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 T’s loss.

I’ve also reviewed the chat history between Mr T and the scammer, and it is clear he placed a lot of trust in them. He also completed limited online research before deciding to invest, and read articles on “contract trading”. This further persuades me that a warning from Revolut wouldn’t have persuaded him to not continue with the payment if Revolut had shown him a written warnings.

Having considered Mr T’s response to Revolut’s warnings, together with the wider circumstances of the scam, I’m not satisfied that a tailored written warning would have caused Mr T to pause, look more closely at the individual he was dealing with, or make further enquires about cryptocurrency scams or the regulatory status of the scheme he thought he was investing in. So I don’t think Revolut missed an opportunity to prevent his loss.

I also consider that the subsequent conversion of £420 to cryptocurrency and the GBP payments to the cryptocurrency exchange were not of a value high enough or sufficiently unusual to warrant intervention from Revolut. I therefore do not think Revolut needed to take any further steps before allowing these transactions.

Although Mr T 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 because Mr T paid accounts in his own name and moved the funds onwards from there.

I’ve thought about whether Revolut could have done more to recover Mr T’s card payments when he reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two ‘presentments’. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in

such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Mr T).

Mr T's own testimony supports that he used a cryptocurrency exchange to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr T's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, because any chargeback was destined to fail, I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

Compensation

The main cause for Mr T'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.

I'm sorry to hear Mr T has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I'm not minded to tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, 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 T to accept or reject my decision before 7 January 2026.

Sureeni Weerasinghe
Ombudsman