

## The complaint

Mr H is unhappy Revolut Ltd won't refund payments he made as part of a scam.

## What happened

In 2024 Mr H was contacted by someone he didn't know, and began chatting on an instant messaging app. Eventually the individual shared the details of a cryptocurrency investment opportunity they were supposedly involved in. Mr H was shown a professional looking platform, and initially told he could expect returns of up to 20% on his investment. So he decided to invest, starting with smaller amounts, and using funds from different accounts.

The investment required deposits in cryptocurrency, which would be traded under the scammer's guidance. So Mr L made the below table of payments from his Revolut account to an external cryptocurrency wallet in his name, at a firm I'll call "C". Once exchanged, the cryptocurrency was sent onto a wallet provided by the scammer. The table also includes later transactions where funds were exchanged within Revolut, before being withdrawn in cryptocurrency to the scammer's wallet.

No.	Date	Time	Payee	Type	Amount
1	8 August 2024	16.41	Wallet at C	Transfer	£100
2	8 August 2024	16.42	Wallet at C	Transfer	£900
3	17 September 2024	14.03	Wallet at C	Transfer	£24,000
4	17 September 2024	19.09	Wallet at C	Transfer	£100
5	17 September 2024	19.34	Wallet at C	Transfer	£100
6	17 September 2024	19.36	Wallet at C	Transfer	£50
7	2 November 2024	00.15	Done within Revolut	Exchange	£10
8	2 November 2024	00.35	Done within Revolut	Exchange	£9,990

Encouraged by the profits he saw on the platform he was persuaded to take a loan from the investment company, to enable him to join in on a particular trade. Mr H needed to pay that back by a certain date, which is what payment 3 was for, and he borrowed the money from a friend to help him do that. Revolut intervened prior to allowing it and asked some automated questions in app about the transfer. Mr H confirmed it was going to an investment account in his own name and that he was making the payment by himself. Revolut then showed some warning screens, tailored towards cryptocurrency investment scams, but those didn't resonate with Mr H and he continued with the transaction. Similar warnings were also provided prior to allowing the withdrawal that followed transaction 9.

After the disputed transactions were made Mr H wanted to withdraw from the investment, but was told he'd first need to pay a large fee. He queried this and eventually stopped getting replies, which is when he realised he'd been scammed. A complaint was made to Revolut in December 2024, via professional representatives, that argued the account activity was out of character and should have prompted a strong fraud intervention. Had that happened, Mr H believed the scam would have been uncovered and the loss prevented. Revolut's response said it had provided sufficient scam warnings and made attempts to recover the funds, so it didn't think it was liable to refund the loss. Mr H wasn't happy with the response, and so referred the complaint to our service for review.

One of our investigators considered everything and thought the complaint should be upheld in part. In his view, Revolut ought to have spoken to Mr H prior to allowing the payment for £24,000 to a cryptocurrency provider, as it was a concerningly high amount and significantly out of character. The investigator thought the scam would have been unravelled through some questioning, as Mr H hadn't been provided with a cover story. The investigator also concluded that Mr H should fairly share liability for the loss, as he had missed signs the opportunity might not be legitimate.

Mr H accepted the investigator's opinion, but Revolut did not. In summary, it said the warnings it showed were adequate and proportionate to the level of risk identified. Revolut also raised that the payments were sent to Mr H's own external account, which was under his control. That meant it had merely served as an intermediary in the fraud and the scam payments had instead occurred at C. Revolut also urged us to consider the potential responsibility of the other firms involved, like the originating bank – and whether any interventions there could help inform our outcome in this case.

As no agreement could be reached, the complaint was 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.

Having done so, I've decided to uphold the complaint in part – and for broadly the same reasons given by the investigator. I'll explain why.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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 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;

- 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 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.

Revolut has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment. It's accepted that Mr H lost this money to a sophisticated scam, and the investigator set out in detail the rationale behind concluding this was fraud (so I won't repeat that here). Revolut did also intervene prior to processing two of the payments. So the question for me to decide is whether those were proportionate to how concerning the disputed transactions ought to have looked, or if stronger fraud checks should have been carried out.

The initial transactions were relatively low in value, and I wouldn't have expected Revolut to have detected Mr H might be falling victim to a scam. However by payment 3, I consider Revolut ought to have been concerned, and it did detect Mr H might be at risk. The payment was concerningly large and significantly out of character (most of the transactions on the account prior to that were under £100, with only a couple in the low hundreds of pounds). It was also identifiably going to a cryptocurrency provider (Revolut ought to have recognised that was C's account details).

Mr H had made some small cryptocurrency transactions on the account previously, and it was going to an account in his own name – but Revolut would also have been aware of the prevalence of multistage fraud by this point, particularly involving payments to cryptocurrency. That meant this transfer carried a higher risk of being scam related, made especially high given it was such a marked change in use on the account, and so Revolut shouldn't have taken much comfort in the fact the wallet at C was likely under Mr H's control. Following the smaller initial transfers, several card payments to C had been reverted – and this payment represented a serious escalation in what appeared to be a build-up in cryptocurrency related activity on the account. So, having considered all the risk factors I've set out surrounding payment 3, I consider the proportionate intervention would have been for Revolut to speak to Mr H (either via a live chat with an agent or a phone call), to clarify the circumstances surrounding it. I don't consider automated warnings to have been sufficient, given the level of risk involved.

Had Revolut spoken to Mr H about the payment, as I believe it should have, I'm confident the scam would have been uncovered. He was honest with his answers during the automated processes, and I haven't seen that he misled the other firms involved about the true nature of the payments. There isn't any evidence of the scammer coaching Mr H on how

to bypass Revolut's security, or providing him with a cover story either. So I think he would have explained truthfully what he was doing if questioned. The circumstances here were so indicative of scam (for instance, hearing about the opportunity through unsolicited contact, the involvement of an unregulated third party broker, returns that seemed too good to be true), that Revolut would have quickly picked up on what was happening from his answers.

I've thought about the potential romance element to the scam, but I don't think Mr H was under the scammer's spell to extent that Revolut's intervention wouldn't have worked. They'd not been chatting for very long, and though the messages were friendly I haven't seen much evidence of a deeper level of trust or connection. I think Mr H would have been receptive to a warning, as the chats show he had questions and seemingly doubts at various points about what was going on. Had Revolut asked him to try and withdraw his full balance (he'd been able to make a small withdrawal from the platform previously, which was sent back to the scam) he wouldn't have been able to and the scam would have unravelled.

I have also taken into account that Mr H remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps to send the cryptocurrency to the fake investment platform. But Revolut should still have recognised that Mr H was at risk of financial harm from fraud, made further enquiries about payment 3 and ultimately prevented Mr H's loss from that point. So I think Revolut can fairly be held responsible for the loss in such circumstances. While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr H has chosen not to complain about any other firm and I cannot compel him to do so. I do not think it would be fair to reduce Mr H's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss I've outlined. I also haven't seen any interactions at other firms that impact my view on whether Revolut could have uncovered the scam.

I've thought about whether Mr H should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint, including taking into account Mr H's own actions and responsibility for the losses he has suffered.

I recognise that there were sophisticated aspects to this scam, including a trading platform that looked very professional. The scammer also built a rapport and employed various social engineering techniques to manipulate Mr H into sending money. He invested fairly cautiously at the start too. Mr H did get some scam warnings, but sadly (due to the particular nature of the scam) I can understand why those didn't resonate with him. However, I think there were some clear warning signs that this might not be a legitimate investment opportunity that Mr H missed.

Firstly, Mr H had received contact from a stranger out of the blue, and after only speaking with them for a couple of days and exchanging pleasantries the conversation quickly turned towards investing in cryptocurrency. So I don't think a level of trust or connection ought to have developed by then that meant Mr H accepted what he was being told without also assuring himself it was legitimate. He comments that it all seemed too good to be true at one point, and joked about the scammer running off with his money (so was clearly aware to an extent about scams). I appreciate the scammer was an expert at making things seem natural and that she wasn't pushing the investment, so I don't want to be completely unfair to Mr H. But he voiced in his conversation with the scammer that investing that much on the say so of someone he's not met is risky, and the high (basically) guaranteed returns ought to have been a flag, and prompted checks on his part. Had Mr H searched online about the investment company at the time he'd have seen lots of warnings up about them potentially being a scam – which I think would have deterred him from going ahead.

Mr H also queried with the scammer the loan offering from the platform, and seemed to work

out that it didn't really make sense. He also noticed there was no mention of it on the website – but unfortunately didn't follow his gut that something wasn't right. At one point (prior to payment 3) he asked about the tax implications, knowing that there would probably be some (he runs a business and would have some awareness of tax payable on earnings), but accepted what the scammer said about there being no tax to pay on the profit – without any challenge or further checking. By the time Mr H made the £24,000 transfer the stakes were high, as he'd borrowed some of that money from a friend and his business (which he's since paid back) – so I think there was extra onus on him to be sure about the legitimacy of what he was doing, particularly given the concerning factors I've highlighted.

Overall, I think reasonable action from Mr H could also have uncovered the scam prior to payment 3, and so I think the parties should fairly share liability for the losses from that point. That means I'm applying a 50% deduction to the refund of the transactions from payment 3 (inclusive) onwards. Revolut has argued Mr H was grossly negligent, but I don't agree and that isn't the relevant test here. I don't find his negligence outweighed Revolut's in the circumstances – ultimately, he fell victim to a sophisticated scam, and his actions must be viewed in that context. Revolut were also the experts when it came to spotting signs of fraud.

I've considered whether Revolut acted fairly once alerted to the scam – and I don't think it could have done more to recover the lost funds. The transfers were used to purchase cryptocurrency, and once exchanged it was sent on to the fake platform – so there wouldn't have been anything left to recover in the wallet at C. Revolut also checked with C and confirmed no funds remained, and there wasn't a mechanism by which it could recover the cryptocurrency withdrawals. I haven't seen any service issues in connection with the claim that I consider would warrant additional compensation either. I've no doubt the loss affected Mr H, but I find the primary cause of that impact is likely to be the scam itself, rather than Revolut's actions. I've also applied interest to the refund, to account for the time he was deprived of use of those funds, and I think that fairly compensates him in the circumstances.

### **Putting things right**

In order to put right the complaint, I'm requiring Revolut to:

- Refund 50% of the transactions from payment 3 (inclusive) onwards. I'm satisfied that 50% of the cryptocurrency withdrawals plus the fees should also be refunded, even though that withdrawal process isn't something our service can review. Those transactions are a consequential losses from the earlier mistake, of not proportionately intervening at payment 3, that wouldn't have happened otherwise. The value of the lost cryptocurrency should be repaid in the pounds equivalent, with the conversion calculated on the date of loss/withdrawal.
- Apply 8% simple interest yearly to the above refund, calculated from the date of the transaction to the date of settlement. If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is I uphold Mr H's complaint about Revolut Ltd in part, and direct the firm to pay settlement based on what I've set out above, under the 'putting things right' heading.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 28 October 2025.

Ryan Miles  
**Ombudsman**