

The complaint

Mrs E is being represented by solicitors. She's complaining about Revolut Ltd because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Mrs E fell victim to a cruel investment scam after she responded to an advert on social media. She was contacted by the scammer who encouraged her to invest using cryptocurrency, believing her money would be traded to generate profit. She was set up with a fake account that appeared to show trades being made on her behalf and was later told she needed to make further payments to withdraw her money.

Mrs E initially made a payment worth £1,000 from her existing cryptocurrency account. Shortly after, she was encouraged to make a further payment of £2,000 to 'upgrade' her account followed by further payments that she was told were for cover taxes and fees that would allow her to withdraw her profits. Mrs E had held an account with Revolut for a number of years and she used it to make the following transfers to the cryptocurrency exchange before moving the currency purchased to a wallet controlled by the scammer:

No.	Date	Amount £
1	10 Aug 2023	2,000
2	10 Aug 2023	2,000
3	17 Aug 2023	3,500
4	18 Aug 2023	1,000
5	18 Aug 2023	30

Payment 1 was returned to Mrs E's Revolut account immediately before she then transferred it back to the cryptocurrency exchange later that day. A review of Mrs E's statements show she also received three other payments back from her cryptocurrency account totalling £250.64 between 17 and 30 August 2023.

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 Mrs E 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 a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

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.*

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

Should Revolut have recognised that Mrs E 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 the purchase of cryptocurrency. I must take into account that many similar payment instructions it receives will be entirely legitimate.

On the basis that Mrs E effectively cancelled payment 1 before making it again later that day means payments 1 and 2 should really be seen as a single payment of £2,000 in my view. Having considered what Revolut knew at the time, including the amount being transferred, I don't think there were sufficient grounds for it to think she was at risk of harm from fraud and I can't say it was at fault for processing the payments in line with her instructions.

But payment 3 was significantly larger and was Mrs E's second payment to the cryptocurrency exchange in a week and Revolut knew this was where the money was going. 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 this payment took place, I think Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

In my view, payment 3 is the point at which Revolut should have identified Mrs E was at risk of harm from fraud.

What did Revolut do to warn Mrs E?

Prior to the first payment, Revolut says it showed Mrs E the following message asking her to confirm she knew and trusted the payee before completing the transfer:

Do you know and trust this payee?

If you're unsure, don't pay them as we may not be able to help you get your money back. Fraudsters can impersonate others and we will never ask you to make a payment.

Aside from this additional step, Revolut has confirmed that it didn't intervene further in any of the above payments.

What kind of warning should Revolut have provided?

Firstly, I think it's important to say that I don't think the above intervention alone should be seen as an effective method of preventing this scam. Revolut simply asked Mrs E to confirm she knew and trusted the payee and, given she had an existing account with the cryptocurrency exchange, I don't think it was unreasonable for her to answer that she did. Further, the screen she was shown didn't provide any indication that Revolut thought the payment could be part of a scam or what type of scam could be taking place.

Having thought carefully about the risk payment 3 presented, I think a proportionate response to that risk would have been for Revolut to have asked Mrs E to confirm the purpose of the payment – which could have been done through the app – and then provide a tailored scam warning relevant to the answer she gave.

If Revolut had intervened as I've described, would that have prevented the losses Mrs E suffered from payment 3?

I've reviewed Mrs E's chat history with the scammer carefully and I've seen nothing to indicate that she was coached to hide the real purpose of the payments she was making and I have no other reason to believe she wouldn't have been honest if asked about this.

If Mrs E had correctly disclosed that payment 3 was part of an investment, Revolut would then have been able to provide a tailored warning about cryptocurrency investment scams. This could have set out many of the common features of this type of scam, including that scammers commonly advertise on social media, promise extremely high returns, require payment using cryptocurrency, set up convincing fake accounts that appear to show the progress of the customer's investment, and keep asking customers to pay more and more money, including to cover fees and taxes before they're able to withdraw their profits.

If Mrs E had received such a warning, it's my view that she would have recognised many aspects of her own situation and that it would have resonated with her. In particular, I'm conscious that she was promised extremely high returns – she was initially told her original investment of £1,000 would be worth £7,500 in five days and, by the time of payment 3, the chat with the scammer shows she was being told her total investment of £3,000 had generated profits of over £20,000. Further, she was being told she needed to pay taxes equivalent to £3,500 to access this money.

The chat history also shows Mrs E was concerned about being scammed. She said it had happened to her before and she repeatedly asked for assurances from the scammer that she was making a genuine investment. She also asked if she could join a chat with other investors to reassure herself of this. If she'd received an appropriate tailored warning from Revolut prior to payment 3 debiting her account, I

think the most likely outcome is that the suspicions she already held would have been confirmed in her mind and she'd have opted not to continue with the payment.

I think it follows that if the scam had been uncovered at the point of payment 3, payments 4 and 5 would also have been prevented.

What about the actions of Mrs E's bank?

The Revolut account statements show there were no receipts from another account in the days leading up to the above payments. Instead they show Mrs E held a substantial positive balance in her Revolut account already and this is what was used to fund them. This means Revolut was the only business involved in the transactions before the money was transferred to the cryptocurrency exchange.

Is it fair and reasonable for Revolut to be held responsible for Mrs E's loss?

I have taken into account that Mrs E remained in control of her money after making the payments from Revolut. It wasn't lost until she took further steps. But Revolut should still have recognised Mrs E was at risk of financial harm from fraud, made further enquiries about payment 3 and ultimately prevented her loss from that point. I'm satisfied Revolut can fairly be held responsible for the loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mrs E has chosen not to pursue a complaint further about any other firm and I cannot compel her to do so. And, I do not think it would be fair to reduce Mrs E's compensation because she's only complained about one firm, as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I haven't 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 don't 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's asking me to consider all of the facts of the case before me when considering what's fair and reasonable, including the role of all the other financial institutions involved and I'm satisfied I've done that.

Should Mrs E bear any responsibility for her losses?

In considering this point, I've thought carefully about what's fair and reasonable in the circumstances of this complaint.

I've considered the evidence carefully and, while I accept Mrs E believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one throughout the course of the scam.

From the start, the chat history with the scammer shows Mrs E was concerned this wasn't legitimate and that she'd been scammed before. By the time of payment 3, she was being told her investment of £3,000 had generated profits of over £20,000 in the space of two weeks and I think she should reasonably have questioned whether this was too good to be true. She was also being told she need to pay more money to

obtain those returns and there's no indication she'd been told that could be the case previously.

In the circumstances, I think Mrs E ought to have proceeded only with great caution. If she'd carried out any further research, for example online searches, I think she'd have quickly discovered her 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 Mrs E's losses once it was aware that the payments the result of fraud.

I understand Mrs E first notified Revolut of the fraud in July 2024, nearly a year after the payments were made. 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. I note Revolut did try to recover the money but it's not a surprise that these attempts were unsuccessful after this period of time.

Further, Mrs E transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). Revolut could only try to recover funds from her own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access.

On balance, I don't think anything that Revolut could have done differently would likely to have led to these payments being recovered successfully.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mrs E 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 Mrs E's instructions, if it had carried out an appropriate intervention before payment 3 debited her account, I'm satisfied payments 3 to 5 would have been prevented.

The responses to my provisional decision

Revolut confirmed it had nothing to add to my provisional decision and Mrs E's representative made no further comment.

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.

As neither party has made any further submissions, my findings haven't changed from those I set out previously.

Putting things right

The principal aim of any award I make must be to return Mrs E to the position she'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility

she 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 Mrs E 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 her own contribution to the loss.

To put things right, and accounting for the fact she received payment 1 back in full, Revolut should pay Mrs E compensation of $E + F$, where:

- $A = £6,530$, representing the total of payments 2 to 5;
- $B = £250.64$, representing the amount returned from the cryptocurrency exchange;
- $C = £6,279.36$, representing the total loss to the scam ($B - A$);
- $D = 96.16\%$, representing the proportion of A that was lost to the scam (C divided by A);
- E = a refund of 48.08% of each of payments 3 to 5, representing a 50% refund of the proportion of these payments that was lost to the scam; and
- F = simple interest on each amount being refunded in E at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mrs E for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mrs E with a certificate showing how much tax has been deducted if she 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 Mrs E'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 Mrs E to accept or reject my decision before 12 August 2025.

James Biles
Ombudsman