

The complaint

Mr W 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 W fell victim to a cruel investment scam. After responding to an advert he saw on social media that appeared to be endorsed by a well-known businessman offering to generate returns from investing in cryptocurrency, he was contacted by the scammer. The scammer helped him open an account on a fake trading website that appeared to show trades being made and profits generated on his behalf. He was also told to open an account with Revolut and a cryptocurrency exchange.

According to his representative, Mr W made an initial payment of £250 to purchase cryptocurrency that was transferred to the scammer followed by a further amount of £1,010, both of which were paid on his credit card with another financial institution. When Mr W later asked to withdraw the profits being reported on his account, he was told he'd need to pay a fee of £8,643 to do so. He transferred this amount to the cryptocurrency exchange from his Revolut account on 31 January 2024 but didn't receive any payment from the scammer. Instead he was asked for more money and this is when he realised it was a scam.

My provisional decision

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

In this case, there's no dispute that Mr W authorised the above payment. 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.

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

Should Revolut have recognised that Mr W 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 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 looked suspicious.

Nonetheless, Revolut ought to have known this payment was 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 this payment took place, I think that Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what it knew about this payment, in particular that it was for a large amount and was going to cryptocurrency, I think Revolut should have identified that Mr W was at risk of harm from fraud.

What did Revolut do to warn Mr W?

Revolut has told us that it did identify the fraud risk and took steps to intervene before the payment was processed. First, Revolut says it asked Mr W to confirm that he knew and trusted the payee. It then showed a warning that said:

We think you're being scammed

Your transaction is unusual and was flagged as a potential scam. To continue, we need to ask you some questions

99.2% higher risk than typical transaction

Mr W was then asked to confirm the purpose of the payment and he selected that he was transferring to his other account from a list of options that included investing. He was then asked to complete a questionnaire, in which he confirmed his understanding that scammers may tell him to hide the real reason for the payment, that no one was telling him how to answer the questions, that he was transferring money to a checking/savings account with another bank, that he hadn't been asked to install screen-sharing software, and that he controlled the account to which the money was being transferred.

Based on these answers, Revolut showed a series of screens warning about impersonation scams, unexpected calls, allowing someone remote access to his device, safe account scams and telling him not to ignore warnings. He was then invited to an online chat with a Revolut agent.

During the chat, the agent told Mr W the payment had been paused to protect him from a potential scam. The agent initially clarified he had instructed the payment himself and then asked about the reason for it. Mr W replied "I am moving money to my other account".

The agent then explained that scammers may impersonate Revolut or another organisation and pressure people to make payments urgently and tell them to ignore alerts or that their account is unsafe and they need to move money fast. They also said Mr W should stop if someone created this account for him using remote access software.

Mr W confirmed his understanding and that he hadn't been asked to move his money. The agent accepted this answer and unblocked the payment without any further warning or intervention.

What kind of warning should Revolut have provided?

Having thought carefully about the risk this payment presented, I think a proportionate response would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr W's account. And a reasonable way to do this would have been to ask him to speak to an agent using the in-app chat function.

I'm pleased to see Revolut took the step of speaking to Mr W on this occasion but, after reviewing the chat transcript, I'm not satisfied this was a particularly effective intervention. I recognise Mr W was less than candid with some of his answers, but Revolut could see the money was going to cryptocurrency and the agent should have asked more probing questions to try and establish what he planned to do once it was received in that account. In this way, the agent might have been able to establish that Mr W was planning to purchase cryptocurrency for the purpose of investing.

Revolut had shown Mr W various warnings before he spoke to its agent, but none of these related specifically to investment scams. Whatever he might have been prepared to disclose had the agent asked relevant probing questions, I think Revolut should have recognised that the most likely type of scam associated with transferring a large sum to cryptocurrency would be an investment scam. And that it should have at least provided a warning explaining the common features of this type of scam. For example, that scammers often post adverts on social media (sometimes with fake celebrity endorsements), promise unrealistic returns, ask victims to download screen-sharing software, guide them through the process of setting up an account on a fake but professional-looking trading website, require them to purchase cryptocurrency and transfer it to a wallet they don't control, and ask for fees when they try to withdraw money.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr W suffered?

If Mr W had received a warning setting out the common features of many investment scams such as those listed above, I think he would have recognised that many applied to his own situation and that it would have likely resonated with him. I say this particularly because the extracts from his text chat with the scammer show he was already having doubts about the legitimacy of the scheme at this time.

On the same day as he made the payment and before he'd instructed Revolut, Mr W said the following to the scammer:

I'm going to be honest with you i not sure i would like to go any further with, I feel like this is all a scam, there are so many things that has happened saying to might be being scammed. At the end of the £8643 is a lot of money to me and if I was to be scammed out of that money I would be in the shit. I don't know what you can do to prove to me it's not.

The scammer responded as follows:

I completely understand where are you coming from and I go through this with clients every day but what we can do here is to face the facts you are transferring funds from your OWN Revolut to your OWN [the cryptocurrency exchange], where exactly the scam can be?

To which Mr W replied:

It's from [the cryptocurrency exchange] to you that I'm worried about as I will not get that money back

So I think it's clear Mr W was already having serious doubts about the investment scheme. If Revolut had provided the type of tailored warning I've described, on balance, I think it's likely this would have confirmed the suspicions he already held and he'd have decided not to go ahead with the payment.

What about the actions of Mr W's bank?

This was a multi-stage fraud that saw Mr W 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 W'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.

Mr W's bank has confirmed that the transfer to Revolut was stopped for a check, which meant it had to be re-keyed. This required the bank to speak to him and we've obtained the relevant call recordings. During the calls, Mr W confirmed the money was going to his cryptocurrency account. But beyond asking whether he controlled that account, the bank asked no further questions and didn't provide any warnings related to fraud and scams.

Mr W's bank has also confirmed that he hasn't made a complaint about its actions in relation to this payment.

On balance, I don't think there was any intervention by Mr W'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 Mr W's loss?

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

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

Should Mr W bear any responsibility for his losses?

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances. While I accept Mr W believed this payment were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

By the time of this payment on 31 January, Mr W was looking to take money out and was being told that his initial investment of £1,260 had generated over 40,000 USD. These are extremely high returns and I think he should reasonably have questioned whether this was too good to be true. In addition, he was being told the payment was a cost he needed to pay to obtain those returns and there's no indication he'd been told about costs to withdraw previously. In the circumstances, and given that he already appears to have been suspicious that this could be a scam, I think he 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 W's losses once it was aware that the payment was the result of fraud.

I understand Mr W first notified Revolut of the fraud towards the end of March 2024, nearly two months after the payment was 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 and it's no surprise that there was no money remaining when Revolut contacted the recipient.

In any event, Mr W 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 try to recover money from his 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 him to access.

With these points in mind, I don't think anything Revolut could have done differently would likely have led to this payment being recovered successfully.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr W and I'm upholding this complaint. If it had carried out an appropriate intervention before the payment debited his account, I'm satisfied the loss would have been prevented.

The responses to my provisional decision

Mr W accepted my provisional decision and Revolut confirmed it had nothing to add.

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 Mr W 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 he would have retained the money that was lost. As outlined above, I've applied a 50% deduction to the amount to be refunded in recognition of Mr W's own contribution to the loss.

To put things right, Revolut should pay Mr W compensation of A + B, where:

- A = a refund of £4,321.50, representing 50% of the amount lost to the scam; and
- B = simple interest on the amount being refunded in A at 8% per year from the date of the payment to the date compensation is paid.

Interest is intended to compensate Mr W 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 W 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 uphold this complaint. Subject to Mr W'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 W to accept or reject my decision before 12 August 2025.

James Biles
Ombudsman