DRN-5729989

The complaint

Mr L complains that Revolut hasn't refunded him after unauthorised transactions were made on his account.

What happened

In February and March 2024, Mr L reported unauthorised transactions (transfers, card payments and cryptocurrency withdrawals) on his account over a period of just under two weeks. Transactions took place on his account on 18, 26, 28, 29 February and on 1 and 2 March 2024. During this time he was in contact with Revolut and at one stage it issued him with a new card, and he changed his security credentials. But further disputed transactions occurred after this.

Revolut didn't agree to refund Mr L the reported transactions and didn't uphold his subsequent complaint. He came to our Service, but our Investigator also didn't uphold his case. He said he thought Mr L must've been involved in some way in the transactions, so determined they should be treated as authorised. So Mr L asked for an Ombudsman to review his case.

I issued a provisional decision on this complaint in July 2025. My findings were as follows:

> *Were the payments authorised?*
>
> *Our Investigator set out to Mr L why he considered the payments made were authorised in line with the Payment Services Regulations (2017).*
>
> *I have read Mr L's response to this and accept that it seems he's been the victim of some kind of scam or fraud here and I do also consider it's most likely that someone was accessing his account without his full understanding/agreement. But, I can't safely say all of this was done without his input, so that we can say Revolut ought to have treated the transactions as unauthorised.*
>
> *As Mr L is aware, the payments were made from one of his genuine, registered devices and using his security information. And after the first day of payments, he contacted Revolut and changed his security information. I also know he got a new phone, which was registered to his account on 24 February 2024, but despite this, further payments were made using his old phone, but new security information. This means that either it was Mr L making the payments, which I don't think is what happened. Or the scammer was able to access the original device again using the updated security details. The only way I can see they could've had access to Mr L's device and these updated details is if Mr L had shared them.*
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> *I appreciate Mr L had installed screen sharing software when he fell victim to a scam the previous month, but he'd told Revolut it had been uninstalled by this time. And Revolut has features that prevent payments being made when this is active. Also, in any event, this kind of application requires the person with the actual device to engage with it and take active steps for the sharing to take place, so if this is what*

was happening, Mr L would've been aware.

From looking at his chat with Revolut, Mr L questions a few times how he is meant to know this is actually Revolut or that the chat is genuine. And I can see he also says he is speaking to Revolut on messenger via social media and at one stage he suggests he's tried to send his ID selfie through WhatsApp. I'm not aware that Revolut use WhatsApp and I think it's likely that Mr L may have been communicating with one or more fake/spoofed versions of Revolut during this time. This is possibly a point of compromise here. But this still doesn't explain how someone else used Mr L's actual device and security information. But I accept the technical data from Revolut shows these are what was used, and I have no reason to doubt the accuracy of this report.

Ultimately, based on what we currently hold, I can't safely conclude that Mr L didn't, even if inadvertently, consent to at least some of the payments. I can't find a point of compromise for his physical device and security information that doesn't include his involvement in some way. I accept Mr L might have been tricked into sharing this information, but it does seem he shared it. And to Revolut, someone was logging into Mr L's account, using his genuine device and correct security credentials and making/approving transactions. So I can understand why it considered it was either Mr L, or someone with his authority, doing this. So I can't safely or fairly say Revolut should've found all the reported payments were unauthorised.

It is arguable that, with what happened in the chat, Revolut possibly should've treated the later transactions, made from 28 February 2024, as unauthorised. But I don't think it's necessary for me to make a finding on this as I intend to hold Revolut liable for these transactions for another reason. So I will now explain my findings on whether Revolut missed opportunities to unravel what was happening and so prevent Mr L's losses that way.

<u>Should Revolut have done anything more to prevent the loss?</u>

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 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.

Our jurisdiction

The first two transactions Mr L has reported as lost to this incident are cryptocurrency withdrawals. While cryptocurrency withdrawals themselves are not a regulated activity (so not in our jurisdiction), the process of sending them involved earlier steps such as Revolut accepting funds into Mr L's account (which is a regulated activity). But in this case, Mr L exchanged the funds himself to cryptocurrency years before he was involved in this incident – and this exchange isn't something he has complained to Revolut about and I can't see any relevance between the correctly processed exchange years ago and the complaint now.

So I'm unable to consider the first two transactions reported here, as they don't fall within our Service's jurisdiction.

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

Following the two cryptocurrency withdrawals, £30,000 was withdrawn from Mr L's savings with Revolut and converted to euros. Three payments were then made to a new payee using these funds and a fourth payment was attempted which Revolut blocked. So Revolut did consider Mr L's account was at risk at this point. It asked Mr L questions about the payment he was attempting and based on his answers it didn't agree to process the payment.

Looking at Mr L's account history, I consider Revolut should've had concerns at an earlier point, when the first transfer was attempted. In the 12 months prior to these transactions, Mr L had only sent one other larger value payment, and this was in April 2023. He hadn't exchanged any funds to other currencies or made any cryptocurrency withdrawals in the prior 12 months. And all this account activity was being done shortly before 2am. In the year prior to this scam, Mr L hadn't carried out any payments in the middle of the night. So I consider that the first transfer for €5,000 on 18 February 2024 should've indicated a risk of financial harm to Mr L and Revolut should've intervened at this stage.

What did Revolut do to warn Mr L? And what kind of intervention should Revolut have carried out?

Revolut asked questions of Mr L on the fourth payment, and it said it was going to review his responses. Following this, a few hours later, it responded and said it wasn't satisfied with the responses received, so it asked for more information. But no further response was received, so the payment was declined.

I consider Revolut should've carried out this same intervention on the first transfer of €5,000. Considering the number of red flags here, I think it should've paused this payment and invited Mr L into in app chat to understand more about what he was doing. And I think the responses received would've been the same as it got for the fourth payment, as all four were being made to the same payee.

Looking at the chat we do have, I'm not persuaded that it is Mr L responding. The way the responses are written don't match how Mr L corresponds with Revolut at later points. And it's clear that the answers being given, and that the screenshot provided, are false/fake.

Given Mr L's age, the story of him helping his 107-year-old grandfather seems very implausible. And I can see that it's explained the grandfather lives abroad in one country; then that Mr L is with him now (but it's my understanding the transactions were made from the UK); but then the medical bill screenshot provided as evidence for making the payment is for a hospital in an entirely different country. So I agree these responses meant Revolut ought to have declined the payment. But I think it also ought to have blocked Mr L's account until it had completed its investigation. It seems very clear that false information is being provided to Revolut to try and get this payment processed, so I think it should've had concerns the whole account was at risk of financial harm.

<u>If Revolut had intervened in the way described, would that have prevented the losses Mr L suffered on 18 February 2024 from the €5,000 payment?</u>

No further transfers are attempted on 18 February 2024 and instead card payments are made. Revolut declines the first card payment attempted for £4,764.72, but then allows the same transaction to go through only a few minutes later. Had the account been blocked, as I think it should've been, this wouldn't have been possible.

But, even if Revolut doesn't agree it should've blocked the entire account when it was investigating the transfer, I also consider it should've declined this card transaction and again requested Mr L go into in app chat. It did decline the first attempt of this payment, but due to Mr L having an insufficient balance due to the pending transfer. But then the account was topped up and a duplicate of the payment was allowed to go through.

This card payment was also very out of character for the account, as Mr L normally used his card for low value, everyday spending. Revolut understood Mr L had just told it he needed to move money to his unwell grandfather, but was then trying to spend more than his available account balance in one go, online shopping abroad. And considering Mr L already had a transfer being investigated for a scam, I don't think Revolut should've allowed a high value card payment to be made at 3:34am without further enquiries.

I'm not satisfied that a reasonable response would've been provided at the time of the payment, so that Revolut ought to have allowed further card payments. And as before, I consider the whole account should've been blocked until an investigation had completed into the account activity. Looking at the chat, it seems the party carrying out the transactions was no longer accessing the chat when Revolut did respond regarding the investigation, as no response is received to the questions. The next message is from Mr L reporting the fraud the following day.

So I'm satisfied Revolut could and ought to have prevented all the transactions from Mr L's account on 18 February 2024 from and including the €5,000 transfer.

<u>Confirming the account was secure on 19 February 2024</u>

I've thought carefully about what happened next, as I appreciate there are a number of intervening actions in this case. And I'm persuaded that Revolut did then take appropriate action to secure the account on 19 February 2024 – I'll explain why.

On 19 February 2024, after reporting the scam, Mr L was advised to update his security information and was issued with a new card. He was also advised to delete the fraudulent payee (his "grandfather"). So I appreciate that steps were taken to secure his account by both him and Revolut. He'd reported someone else had

managed to log in and make transfers, and had access to his card information and had made card payments. By issuing a new card and asking him to change his security information, Revolut had taken appropriate steps to secure Mr L's account. Whoever accessed the account before technically shouldn't have been able to again.

I accept Revolut was still investigating the transactions and what happened. And as above, I think it should've blocked the account on 18 February 2024. But I think it ultimately responded proportionately to the risk identified the following day. It could've asked Mr L some additional questions about the payments at that time, but I'm not persuaded, given his testimony now, that even if it had done as I expected and blocked the account, that it would've found a reason to keep this block in place. I think it was reasonable to determine the account was safe after the security and card changes had been made, and so allow Mr L access to his funds again.

Later payments – 26 and 28 February 2024 onwards

As I have previously set out, cryptocurrency withdrawals themselves are not within our Service's jurisdiction. The first two transactions on 26 February 2024 are both withdrawals, so for the reasons previously set out, I can't consider these.

The next reported fraudulent payment, on 26 February 2024, is to a well-known cryptocurrency provider. I think Revolut ought to have asked questions about this payment to provide a better automated warning on cryptocurrency scams, but I'm not persuaded this would've prevented the payment as it's likely the scammer was accessing the account at this time. And also Mr L wasn't the victim of a cryptocurrency scam, so this warning wouldn't have been relevant to the situation. Following this, a transfer is made to an account it seems is in Mr L's own name, which I don't consider looked unusual. And then another cryptocurrency payment is made, where again I'd expect a warning, but I can't see this would've prevented this payment either. Also, I note both the cryptocurrency payments are returned to Mr L later that day.

However, following this, at 4:40am, a transfer of €7,500 is made to the same payee as last time, Mr L's "grandfather". Mr L reported the week before that he had been scammed and that he didn't make any payments to this payee. And the investigation into this was still ongoing. I consider the value and destination of this payment should've triggered Revolut to pause the payment and start in app chat. And I can't see any way that Revolut ought to have been persuaded to release this payment – or keep the account accessible – considering it then should've seen the exact pattern of reported fraud was happening again, and this payment was being made to a reported fraudulent payee.

Due to this, I'm satisfied all the subsequent losses on 26 February 2024 could've been prevented, as well as the €7,500 payment. And I can see Mr L reports all these transactions the same day they happen, so makes Revolut aware his account is still compromised.

I've then thought about the losses from 28 February 2024. Revolut doesn't take any steps with Mr L to secure his account again on 26 February 2024, despite him reporting further fraudulent payments. And considering the steps taken last time hadn't prevented further fraudulent access, I'm satisfied it should've blocked the entire account at this time to prevent any further losses. Had it done so, none of the transactions from 28 February 2024 onwards would've been made. So I'm satisfied that all of these are also consequential losses of Revolut's failure to intervene on 26 February 2024 and so should also be refunded.

Should Mr L bear any responsibility for his losses?

While I accept Revolut failed to act proportionately to the risk of financial harm, I do have to consider Mr L's responsibility here too. As above, when considering the access to the account and that it happened twice, even after he changed his security information and got a new card, I can only conclude that he was involved in some way in what happened. So I do think he has to bear some responsibility for the losses here.

It's very difficult to determine what happened and establish the points of compromise. But as I have set out, the fact Mr L, on more than one occasion, asks Revolut how he is meant to know that he's genuinely speaking to it suggests to me something more is going on than what he's shared. But, I don't think the fact he may have mistakenly shared his details with someone else who he believed was Revolut is enough in itself to warrant a deduction.

I consider it very likely it isn't Mr L making the payments on 18 February 2024, for the reasons explained. And I'm not persuaded he knowingly agreed to this access or took risks with his details here. And I don't hold any evidence he ought to have been aware that whatever he did do would lead to this initial loss. So I'm not reducing this part of the redress.

However, on 19 February 2024, Mr L is aware that fraudulent access has happened and that someone is trying to access his funds. Considering what happened next, he must've somehow allowed someone else access to his details and device again. I don't know how this happened, but I can't see any plausible or possible explanation which doesn't involve some active steps from Mr L. So I do think that it would be fair for Revolut to reduce the redress it pays Mr L by 50% for his contributory negligence in relation to the transactions being refunded on 26 February 2024.

However, Mr L contacts Revolut after these transactions on 27 February 2024 and asks it to "stop this madness and stop any more transactions". It doesn't limit access to the account at this time and on 28 February 2024 more payments go out. While this is due to Mr L's earlier actions, he has then engaged with Revolut and asks it to protect his account, which it doesn't take any steps to do until after more payments are made. So I don't think Mr L can be considered to have contributed to the losses from 28 February 2024, as he has clearly reported fraudulent access is continuing and has asked Revolut to protect his account, but it didn't act on this. So I'm not making a deduction on the payments from 28 February 2024.

Mr L responded to the provisional decision and accepted it. Revolut responded and asked for us to confirm all the transactions that I was asking to be refunded. We provided it with a transaction table, but it didn't respond to this or provide any comments on the findings in the provisional 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.

As Mr L accepted the provisional decision and Revolut didn't provide any response to the points raised, I see no reason to change my findings or decision.

So I uphold Mr L's complaint as I consider Revolut failed to act when it should've identified he was at risk of financial harm from fraud. And had it done so, Mr L's financial loss to this

incident would've been reduced. However, I am also still persuaded Mr L should share liability for the loss on some of the transactions – as set out in the provisional decision copied above.

Putting things right

I direct Revolut Ltd to:

- Refund Mr L the reported transactions (transfers, card payments and cryptocurrency withdrawals) on:
    - 18 February 2024 from and including the €5,000 transfer
    - 26 February 2024 from and including the €7,500 transfer, minus 50% for Mr L's contributory negligence
    - 28 February 2024 to 2 March 2024
- Pay 8% simple interest per annum on the total refund from the dates of payment to the date of settlement

I understand Mr L wants his refund paid to a non-Revolut account, so it should contact him to discuss where/how to pay the refund.

My final decision

For the reasons set out above, I uphold Mr L's complaint against Revolut Ltd.

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

Amy Osborne
Ombudsman