The complaint

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

Mr H brings his complaint via professional representatives, but for simplicity I've referred to the actions of Mr H throughout this decision.

What happened

Mr H was looking to invest and came across an opportunity online involving cryptocurrency in April 2023. I'll refer to the company as "F". He left his details and was contacted by a 'broker', who showed him a professional looking website and platform. Mr H invested a small amount initially, via a payment to a company I'll call "B".

Over the following 10 days Mr H's initial investment doubled, which persuaded him to send larger amounts over the next few weeks. He was told to send cryptocurrency to the platform, which he purchased through an exchange, I'll call "T", using his Revolut debit card and later through transfers. Mr H funded the purchases by topping up his Revolut account from his main bank account, at "N". The Revolut account had been open since 2020, but he used it intermittently and mainly for foreign currency transactions when abroad.

Mr H made the following payments from his Revolut account as part of the scam (the bracketed amounts show the transactions that were made in Euros, where a fee was charged):

Payment	Date	Time	Type of transaction	Amount
1	25 April 2023	11.18	Debit card payment to B	£220.50
2	5 May 2023	11.11	Debit card payment to T	£5,000.00
3	15 May 2023	12.39	Debit card payment to T	£5,000.00
4	15 May 2023	12.49	Debit card payment to T	£4,350.86 (€5,000.00)
5	19 May 2023	08.45	Debit card payment to T	£5,000.00
6	19 May 2023	08.54	Debit card payment to T	£2,489.00 (€2,860.00)
7	25 May 2023	16.54	Debit card payment to T	£5,000.00
8	25 May 2023	16.57	Debit card payment to T	£4,007.46 (€4,600.00)
9	27 May 2023	13.36	Debit card payment to T	£5,000.00
10	29 May 2023	09.14	Debit card payment to T	£5,000.00
11	29 May 2023	09.17	Debit card payment to T	£4,349.20 (€5,000.00)
12	29 May 2023	09.36	Faster payment to T	£500.00
13	29 May 2023	09.49	Faster payment to T	£5,160.00
14	31 May 2023	11.03	Debit card payment to T	£5,000.00
15	31 May 2023	11.04	Debit card payment to T	£4,324.11 (€5,000.00)

16	31 May 2023	11.07	Faster payment to T	£3,400.00
			Total	£63,801.13

Towards the end of the scam, when Mr H switched to transferring funds to T, Revolut asked for the purpose of the two faster payments made on 29 May 2023. He selected 'cryptocurrency' on both occasions and was shown warnings. Revolut didn't intervene to carry out further fraud checks on any other payments, and Mr H continued with the transfers despite the warnings.

Two days later (31 May 2023) Mr H's account balance at T supposedly exceeded $150,000, so he submitted a request to withdraw $130,000. He was told he'd need to pay $15,600, made up of commission, a service fee and tax. Mr H made three payments that day from his Revolut account to cover those costs. Afterwards Mr H was contacted by the 'blockchain billing team' and told there were more (substantial) fees to pay before he could withdraw. Becoming suspicious, Mr H conducted further research and found a separate website for a firm with the same name. After contacting that firm he was told F was a clone – and he reported things to Action Fraud as he realised he'd been scammed.

In October 2023 Mr H reported the fraud and raised a complaint via his representatives. The letter said the transactions were significantly out of character for the account and ought to have prompted further fraud checks. Revolut's final response said it didn't receive the evidence requested from Mr H in order to fully investigate the transfers, and chargeback was unlikely to be successful in the circumstances. It also couldn't find any evidence of unauthorised fraud occurring on Mr H's account. So, Revolut, declined to refund the payments.

Mr H wasn't happy with the outcome, so he referred the matter to our service for review. One of our investigators looked at the complaint and thought it should be upheld. In her view, the two large payments to T, made within a short space of time, on 15 May 2023 ought to have concerned Revolut. Had it spoken to Mr H before allowing the second one, the investigator thought the scam would have been uncovered. She based that on not having seen any evidence Mr H was being coached to lie to Revolut, and that he was honest about what he was doing when asked for the purpose of a later payment. The investigator did, however, think Mr H should share liability with Revolut, as he could have done more research on F before investing.

Revolut disagreed with her opinion. In summary, it responded to say:

- The disputed transactions were 'self-to-self' payments, going to another account in Mr H's name and under his control. So, the fraud did not occur on the customer's Revolut account.
- The funds originated from an FCA regulated firm, and were sent to another financial business from Revolut. So, we should consider whether there were any interventions or warnings given by the other businesses involved.
- We should consider informing Mr H that it could be appropriate to complain about the other financial businesses that handed his funds as part of the scam.

As no agreement could be reached, the complaint was passed to me to decide. I issued a provisional decision, still upholding the complaint but changing the redress from the investigator's view. I've copied the part of that decision outlining my rationale below:

"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.*

<u>*Should Revolut have recognised that Mr H was at risk of financial harm from fraud?*</u>

The first payment was relatively small, and not sufficiently out of sync with previous spending on the account, so it (reasonably) didn't concern Revolut. The second disputed transaction, however, was a large payment related to cryptocurrency (going by the merchant code) – and was significantly out of character from previous account usage. That should have prompted a warning from Revolut, in the form of a cryptocurrency investment scam warning (as that was the most common type of scam associated with cryptocurrency).

Mr H did get shown some cryptocurrency related advice screens by Revolut later on in the scam (prior to the transfers on 29 May 2023), but having considered the contents of those in-app warnings I don't find them to be particularly tailored to investment scams. They didn't highlight enough key features of those types of scams to be effective. So I've thought about whether a good warning, received prior to allowing the second payment, would have stopped Mr H from sending further funds to the scam.

It's a tricky task to speculate on how someone might have acted, and I acknowledge Mr H didn't get the chance to react to an effective warning – but, on balance, I think he'd have likely continued with that second payment anyway. The reason for that is I don't think the features I'd have expected to be highlighted in any warning would have resonated enough at that point in the scam. Mr H had only invested a small amount so far, and had only made a couple of hundred pounds (albeit in a short space of time) – so I don't think a warning to watch out for returns being too good to be true would have sufficiently spoken to his circumstances. F was a clone of a real company, meaning this scam was harder to detect. Mr H had also done some research and not found anything negative online (there wasn't really any warnings out there yet about these fraudsters). So I think Mr H would have felt confident enough he was dealing with a legitimate company that he'd have continued with the payment, even if a tailored warning was shown.

On 15 May 2023 I think the activity became more concerning. Two large payments were *made to cryptocurrency in a short space of time (minutes apart), in different currencies – with the second payment taking the total sent to over £9,000. That was a serious escalation on the previous activity, and a scam pattern had formed by this point (increasing amounts being sent to cryptocurrency). So I think Revolut ought to have spoken to Mr H before allowing the second one to T that day (payment 4).*

<u>If Revolut had spoken to Mr H before allowing payment 4, would that have prevented the subsequent losses?</u>

Had that happened, I'm confident Revolut would have uncovered the scam. That's because I've seen no evidence to suggest Mr H was coached to lie to Revolut or given a cover story, having reviewed his conversations with the scammers. So I think he'd have been open about what he was doing. The returns by that point were definitely too good to be true, and the involvement of a third party broker, as well as the use of screen-sharing software, would have all been red flags to Revolut. As a minimum Revolut would have suggested Mr H tried to withdraw his funds, and when he wasn't able to without paying large up front charges the scam would have been unravelled.

<u>Is it fair and reasonable for Revolut to be held responsible for Mr H's loss?</u>

I have 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. But Revolut should still have recognised that Mr H was at risk of financial harm from fraud, made further enquiries about payment 4 and ultimately prevented Mr H's loss from that point. I think Revolut can fairly be held responsible for Mr H's 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 pursue a complaint further about any other firm and I cannot compel him to do so. We've reached out to that firm, though, to check there isn't any evidence that might affect the outcome here, and I'm satisfied there isn't. So, in the circumstances, 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.

<u>Should Mr H bear any responsibility for his losses?</u>

I've thought carefully about whether Mr H should bear any responsibility for his loss – and, in doing so, I've factored in what the law says about contributory negligence. I've also considered what's 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. Ultimately, if I decide liability for the loss should be shared, then I'm equating Mr H's negligence with Revolut's – and, as I've set out above, I think Revolut missed several clear indications its customer was likely being scammed. Even after the payment 4 intervention point I'm upholding from, things continued to escalate and ought to have been increasingly concerning to Revolut.

There were lots of persuasive elements to this scam – including a professional looking platform and website. F being a clone of a real firm also helped obscure it from detection, as any searches online would bring up results or reviews for the legitimate company. Mr H also invested cautiously to start with, only putting in a small amount as a test, before being persuaded to send larger amounts. So he acted reasonably at the start of the scam, and for the first few payments the only warnings sign that opportunity might not be legitimate were profits being seen on the investment. As time went on, though, the returns ought to have appeared far too good to be true, even for someone who had perhaps heard a lot of money could be made in cryptocurrency. That red flag would have become more pronounced as more was invested – and certainly peaked prior to last three payments for withdrawal costs *(by which time Mr H had apparently tripled his capital).*

The messages from the broker were oddly pushy, for a legitimate trader, and Mr H was increasingly pressured to invest more. Later on he was even encouraged to take loans to fund things, which ought to have struck him as odd coming from a supposedly genuine broker. Towards the end Mr H was having to placate the scammer, by saying his bank needed to question him over the payments (when that wasn't the case) just to buy more time. Again, being under that much pressure to send more money that he'd need to lie should have been sounding alarms bells. Mr H also tried to withdraw before the final request, but was persuaded to invest more at that point – and there were certainly barriers to him accessing his balance that should have begun to worry him. Revolut did show a warning on 29 May 2023, and though overall that wasn't nearly sufficient, there was one element that could have resonated – as it mentioned the screensharing software he'd been asked to use. Some of those above red flags were subtle, but in combination they ought to have been building concern for him as time went on.

The tipping point, for when Mr H ought to have done more, I find came when he was asked to pay $15,000 in withdrawal fees. In combination with all the other red flags evident by then, I think that amount of money being needed upfront to access his profits ought to have given him serious cause for pause – particularly given he was down to his final reserves of savings by then. Mr H was able to work out that F wasn't legitimate shortly after paying the withdrawal fees, as he found the real company online and was informed by them it must be a clone. He also started probing the scammer about whether they were regulated, and got some very odd replies – and the subsequent contact from the 'blockchain billing team' certainly helped cement his suspicions. But I think Mr H ought to have been on notice he needed to carry out the research that eventually uncovered things prior to making payment 14 (the first of the payments towards the withdrawal costs).

For clarity, I'm departing from the investigator's view that Mr H's shared liability kicks in at payment 4, when Revolut's does, and that he was equally as negligent as Revolut from that point. I don't think there were enough warning signs indicating this might not be a legitimate investment, and prompting him to act, until much later. However, for the reasons I've given, I've decided Mr H should fairly contribute to the loss from payment 14 onwards, as he ought to have taken steps to prevent that money being sent to the scam. So I'm applying a 50% reduction to the refund due on the last three payments, meaning Revolut and Mr H both equally share responsibility for that portion of the loss.

I don't think the deduction made to the amount reimbursed to Mr H should be greater than 50% taking into account all the circumstances of this case. I recognise that Mr H did have a role to play in what happened, and it could be argued that he should have had greater awareness than he did that there may be something suspicious about the opportunity. But I have to balance that against the role that Revolut, an EMI (at the time) subject to a range of regulatory and other standards, played in failing to intervene. The mandatory reimbursement scheme rules aren't relevant to these transactions either – so 'gross negligence' isn't the standard to consider Mr H's actions against.

Mr H was taken in by a cruel scam – he was tricked into a course of action by a fraudster and his actions must be seen in that light. I do not think it would be fair to suggest that he is mostly to blame for what happened, taking into account Revolut's failure to recognise the risk that he was at financial harm from fraud, and given the extent to which I am satisfied that a business in Revolut's position should have been familiar with a fraud of this type. Overall, I remain satisfied that 50% is a fair deduction to the amount reimbursed in all the circumstances of the complaint.

I've thought about whether Revolut could have done more to recover the payments, and I'm *satisfied it couldn't have. Mr H received the goods he purchased with the card payments (which was the cryptocurrency), and so chargebacks wouldn't be successful on those. For the transfers, those funds were all exchanged to cryptocurrency and sent on quickly afterwards – so no money would have remained at the account (that received the payments) to be recovered. I haven't seen any service issues that I consider would warrant a further award – and the interest applied to the redress will fairly compensate Mr H for the time he was deprived of use of those funds."*

Mr H replied to say he accepted the decision. Revolut responded to say it had nothing further to add and would await the final decision being issued.

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.

Given the responses to my provisional decision, I see no reason to depart from the findings I set out in it, and I uphold Mr H's complaint in part for the reasons I explained.

Putting things right

In order to put things right, Revolut should:

- Refund payments 4 to 13 in full.
- Refund 50% of payments 14 to 16.

To those refunds Revolut should apply 8% simple interest yearly (calculated from the date of the transactions 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 Mr H 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 in part, and direct Revolut Ltd to settle the matter as outlined above (in the 'putting things right' section.

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

Ryan Miles
Ombudsman