

## The complaint

Mr M complains that Revolut Ltd won't refund money he lost when he was the victim of a scam.

Mr M is represented by a firm that I'll refer to as 'C'.

## What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2023 Mr M fell victim to a crypto investment scam. He's explained that he'd often seen crypto adverts and promotions and, while he wasn't experienced, he decided he wanted to invest and started searching for investments online. And as part of this search, he came across what we now know to be a scam investment firm - which I'll refer to as 'F'.

Mr M has said he found F's website impressive and, believing the investment opportunity was genuine, Mr M filled in F's online enquiry form. He was then contacted by F, finding them professional and knowledgeable, and the trading process was explained in detail. This involved F providing Mr M with an online trading account and assigning him with an investment broker who would tell him how and what to invest in. To do this F instructed Mr M to open a Revolut account (which he already had) and a wallet with a legitimate crypto provider. F guided Mr M through the trading process by way of remote access software.

Mr M made a £203.93 debit card payment on 1 June 2023 to a merchant that appears to provide educational services. Mr M then made the following debit card payments to the scam via the legitimate crypto provider:

| Transaction date | Amount    |
|------------------|-----------|
| 1 June 2023      | £5,000    |
| 2 June 2023      | £400      |
| 4 June 2023      | £4,980    |
| 4 June 2023      | £4,278.10 |
| 5 June 2023      | £4,980    |
| 11 June 2023     | £4,980    |
| 11 June 2023     | £4,094.06 |
| 12 June 2023     | £4,980    |

|                    |                   |
|--------------------|-------------------|
| 12 June 2023       | £4,270.76         |
| 13 June 2023       | £4,980            |
| 13 June 2023       | £3,501.71         |
| <b>Total loss:</b> | <b>£46,444.63</b> |

He also made a final transaction, a £12,000 transfer of funds on 31 July 2023, to a beneficiary that I'll refer to as 'AM'. This transaction was funded by a loan – which Mr M has confirmed he has since been repaid. This puts Mr M's total loss at £58,648.56.

Mr M realised he'd been scammed when he was told he had to pay fees to withdraw his funds. Mr M didn't do this, and F refused him access to his funds.

C complained on Mr M's behalf to Revolut on 24 January 2024 saying the payments were made as part of a scam. In short, they said:

- Revolut failed in their duty of care to protect Mr M from the scam.
- Mr M had a reasonable basis to believe the investment opportunity was genuine.
- Revolut had several opportunities to intervene, detect the scam and prevent it escalating further. Although Revolut did intervene in respect of the £12,000 transaction, this was ineffective.
- The account activity was unusual and should've flagged for additional security – prompting Revolut to ask probing and open-ended questions. As Mr M hadn't been told to lie to Revolut, he would've been open and honest with all his answers.
- So, had Revolut done this then they would've identified the scam. In turn, an effective scam warning should've been provided which would've prevented Mr M's losses.
- To settle this complaint, Revolut should refund Mr M's losses, pay 8% simple interest and £300 compensation.

Revolut didn't uphold the complaint. In short, they said:

- They launched a request to freeze and retrieve the funds (£12,000) from the fraudulent beneficiary account. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. Regrettably they received confirmation from the beneficiary bank that no funds remained.
- They detected this payment was being made to a new beneficiary and displayed the following message:

*“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”.*

As Mr M acknowledged this warning, he was free to continue with the transfers.

- They detected the payment to the newly added beneficiary as suspicious, so they put it on hold. They showed Mr M a message about the purpose of the payment followed

by educational screens regarding the type of potential scam. Following these warnings, Mr M was free to continue with the transaction.

- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through emails and blogs – and provide updates on their fraud and scam hub.
- They weren't at fault for processing the transfers that Mr M authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.
- They're not liable for these transactions, they treated Mr M fairly and they fulfilled their duty to protect him by providing sufficient warnings.

The complaint was referred to the Financial Ombudsman. It was reviewed by two of our Investigators – both of which thought it should be upheld in part. The latter Investigator said Revolut should've provided a tailored written scam warning before processing the £5,000 payment on 1 June 2023. If this happened, he thought it would've highlighted the hallmarks of crypto investment scams and brought to Mr M's attention the steps he could take to protect himself (such as checking the FCA register and online reviews). From this, Mr M would've become aware F was likely a scam and prevented his loss. Our Investigator thought Mr M should take some responsibility for his loss too. Because of this, he considered it would be fair for Revolut to refund 50% from the £5,000 payment on 1 June 2023 onwards and pay 8% simple interest.

C confirmed Mr M's acceptance.

Revolut didn't agree with our Investigator and asked for the matter to be referred to an Ombudsman. In short, Revolut has added:

- This was a 'self-to-self' scenario in which Mr M owned and controlled the beneficiary account to which the payments were sent. Hence, the fraudulent activity didn't occur on Mr M's Revolut account – as the payments were made to a legitimate crypto provider before being sent to the scam platform.
- 'Self-to-self' payments don't meet the Dispute Resolution Rules ("DISP Rules"), nor the Contingent Reimbursement Model (CRM) code or mandatory reimbursement scheme rules definition of an Authorised Push Payment (APP) scam.
- The transactions weren't out of character or unexpected with the typical way an electronic money institution (EMI) account is used – particularly as high street banks have started restricting their customers from sending money to crypto exchanges (which is an entirely legitimate activity). Typically, this type of account is opened and used to facilitate payments of a specific purpose and often not used as a main account.
- For the Financial Ombudsman to apply the reimbursement rules to self-to-self transactions executed by Revolut is an error in law. Alternatively, the Financial Ombudsman has irrationally failed to consider the fact these transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.
- They are also concerned that the Financial Ombudsman appears to have decided as a matter of policy, that Revolut should be left "holding the baby" because, subsequent to the self-to-self transfers involving a Revolut account, customers have

transferred those funds to their account with a third party.

- The recent reliance by this service on R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin) is misconceived and amounts to a legal error.
- It is entirely relevant to consider possible other bank interventions – as the funds originated from Mr M's own external bank account. As such, they believe it should be considered by the Financial Ombudsman in tandem with this complaint. At the very least, whether Mr M was warned by his external bank is relevant to whether he acted negligently in disregarding any such warnings.
- It might be appropriate for the Financial Ombudsman to exercise its powers under DISP to inform Mr M that it could be appropriate to make a complaint against another firm if necessary.
- Mr M was convinced to acquire a £12,000 loan to fund the investment. Mr M should've questioned whether this is normal practice for legitimate businesses. An inquiry into the loan issuance process should happen here to understand whether the credit provider engaged in appropriate due diligence, such as ascertaining the purpose of the loan.
- The provider of the loan, and not Mr M, has suffered the loss here. To direct Revolut to refund Mr M isn't fair or reasonable.
- While they recognise the Financial Ombudsman may have considerable sympathy for customers who have been defrauded, this allocation of responsibility is at odds with the approach the statutory regulator deems appropriate and is irrational.
- It is irrational (and illogical) to hold Revolut liable for customer losses in circumstances where Revolut is merely an intermediate link, and there are typically other financial institutions in the payment chain that have comparatively greater data on the customer than Revolut, but which the Financial Ombudsman hasn't held responsible in the same way as Revolut.

The matter has been 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.

In broad terms, the starting position at law is that an EMI, such as Revolut, is expected to process payments and withdrawals that a customer authorises them 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 their 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;

- 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.

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

It isn't in dispute that Mr M authorised the disputed payments – most of which were made by debit card to the crypto provider (from where that crypto was subsequently transferred to the scammer). But whilst I have set out the circumstances which led Mr M to make the payments using his Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to them upon which to discern whether any of the payments presented an increased risk that Mr M might be the victim of a scam.

The first payment (£203.93) was low value and, as I've said, appears to have been made to a merchant providing educational services. Because of this, I don't think Revolut would've had enough reason to consider Mr M was at risk of financial harm from fraud at this point. I've therefore given thought to the subsequent payments made to the crypto provider.

I'm aware that crypto providers, like the one Mr M made his payments to here, generally stipulate that the card used to purchase crypto at their exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, they could have reasonably assumed that the payments would be credited to a crypto wallet held in Mr M's name.

By June 2023, when these transactions took place, firms like Revolut had been aware of the risk of multi-stage scams involving crypto for some time. Scams involving crypto have increased over time. The FCA and Action Fraud published warnings about crypto scams in mid-2018 and figures published by the latter show that losses suffered to crypto scams have continued to increase since. They reached record levels in 2022. During that time, crypto was typically allowed to be purchased through many high street banks with few restrictions.

By the end of 2022, however, many of the high street banks had taken steps to either limit their customer's ability to purchase crypto using their bank accounts or increase friction in relation to crypto related payments, owing to the elevated risk associated with such transactions. And by June 2023, when the first of these payments took place, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase crypto with few restrictions. These restrictions – and the reasons for them – would have been well known across the industry.

I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase crypto for legitimate purposes will be more likely to use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of crypto

purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a crypto provider, a fact that Revolut is aware of.

So, taking into account all of the above I am satisfied that by the end of 2022, prior to the payments Mr M made in June 2023, Revolut ought fairly and reasonably to have recognised that their customers could be at an increased risk of fraud when using their services to purchase crypto, notwithstanding that the payment would often be made to a crypto wallet in the consumer's own name.

To be clear, I'm not suggesting that, as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with crypto in June 2023 that, in some circumstances, should have caused Revolut to consider transactions to crypto providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements, Revolut should have had appropriate systems for making checks and delivering warnings before they processed such payments. Revolut was also required by the terms of their contract to refuse or delay payments where regulatory requirements meant they needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving crypto, I don't think the fact payments in this case were going to an account held in Mr M's own name should have led Revolut to believe there wasn't a risk of fraud.

So, I've gone on to consider, taking into account what Revolut knew about the payments, at what point, if any, they ought to have identified that Mr M might be at a heightened risk of fraud that merited their intervention.

The first payment to the crypto provider was of a relatively high value (£5,000), and much greater than Mr M typically spent on his Revolut account – with it mostly used for low value day-to-day transactions prior to the scam. The £5,000 payment was therefore out of character for Mr M. I appreciate Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions. But given what Revolut knew about the destination of the payment, I think the circumstances should have led Revolut to consider that Mr M could be at risk of financial harm from fraud. In line with good industry practice and regulatory requirements, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned Mr M before the payment went ahead.

#### What did Revolut do to warn Mr M?

I haven't seen anything to show Revolut provided Mr M with any scam warnings before processing the disputed card payments.

Revolut did however provide Mr M with the 'new beneficiary' warning before processing the £12,000 transaction. And they also asked him to provide the purpose for the payment – which he selected "*Transfer to a 'Safe Account'*". Revolut then provided warnings tailored to the risks associated with safe account scams.

As per above, I think Revolut needed to do more before processing the £5,000 payment on 1 June 2023.

*What kind of warning should Revolut have provided?*

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to these will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, it would've been reasonable to have expected Revolut to have provided a tailored written warning that was specifically about the risk of crypto scams - given how prevalent they had become by that point. In doing so, I recognise that it would be difficult for such a warning to cover off every permutation and variation of crypto scams, without significantly losing impact. But I think it would've been a proportionate response to the risk the payments presented.

So, at this point in time, I think that such a warning should have addressed the key risks and features of the most common crypto scams – crypto investment scams. The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common crypto investment scams, for example referring to: an advertisement on social media, an 'account manager', 'broker' or 'trader' acting on their behalf; the use of remote access software and a small initial deposit which quickly increases in value. It also ought to have highlighted some of the steps Mr M could take to protect himself from falling victim to a scam – such as carrying out research on the firm before proceeding (including checking the FCA's website and online reviews) and seeking independent financial advice.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr M by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.

*If Revolut had provided a warning of the type described, would that have prevented the loss Mr M suffered?*

I've thought carefully about whether a tailored written warning of the type I've described would've resonated with Mr M, and to the extent whereby he wouldn't have proceeded with making the payment (or those that followed). Having done so, I think it most likely would.

There's limited evidence of Mr M's communication with the scammer – as it seems it was mostly over the telephone. I haven't however seen anything to suggest Mr M expressed mistrust of Revolut or financial firms in general. Nor have I seen anything to show Mr M ignored any relevant warnings provided by his banking provider from where the funds originated from (with the firm confirming no interventions or discussions occurred during the period of the scam).

I'm aware that Mr M didn't select the most accurate payment purpose option in respect of the subsequent £12,000 transaction – as he could've selected 'Investment' or 'Crypto Currency'. But while Mr M might not have chosen the most relevant payment purpose option, I'm not persuaded this demonstrates Mr M would've ignored warnings relevant to his situation had it been provided. And here, as the £5,000 payment was identifiably going to a crypto provider, Revolut should've provided Mr M with a tailored written warning that addressed the key risks and features of crypto investment scams.

Mr M's situation had some of the common features of crypto investment scams – such as the use of remote access software and the involvement of a broker acting on his behalf. And so, I think it's likely this would've prompted Mr M to have considered the legitimacy of the investment opportunity with F. And that he would've heeded Revolut's advice to take further steps to protect himself before going ahead.

It follows that I think Mr M would've carried out further checks on F before proceeding – including checking the FCA's website. The FCA published a warning about F on 5 April 2023, prior to the disputed payments, which said:

*“This firm may be providing or promoting financial services or products without our permission. You should avoid dealing with this firm and beware of scams.”*

There also various negative reviews about F, indicating them to be scam, on a well-known review website at that time.

I think this would've put Mr M on notice that F likely wasn't genuine and that he was falling victim to a scam. Accordingly, I think this would've deterred him from making the £5,000 payment and those that followed. I therefore think Revolut could've prevented Mr M's loss at this point.

*Is it fair and reasonable for Revolut to be held responsible for Mr M's loss?*

I have taken into account that Mr M remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps that his funds were lost to the scam. But Revolut should still have recognised that Mr M was at risk of financial harm from fraud, made further enquiries about the £5,000 payment and ultimately prevented Mr M's loss from that point. I think Revolut can fairly be held responsible for Mr M'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 M has chosen not to complain about any other firm and I cannot compel him to do so. And I do not think it would be fair to reduce Mr M's compensation because he'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 have not 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 do not intend to comment on it. I note that Revolut says that they have not asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it is asking me to consider all of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

For the reasons I've explained, I consider Revolut ought to have carried out additional checks before processing the £5,000 payment on 1 June 2023. And if they had, it would've likely led to Mr M becoming aware he was falling victim to an investment scam and prevented his losses from this point. At which point, I've considered Revolut's view that, as the £12,000 transaction to AM was funded from a loan, Mr M hasn't suffered a loss in respect of this payment. However, Mr M has confirmed that this loan has been repaid – and his bank statement support this. I'm therefore satisfied that Mr M has suffered a loss in respect of this transaction too.

*Should Mr M bear any responsibility for his losses?*

I've thought about whether Mr M 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 the circumstances of this complaint including taking into account Mr M's own actions and responsibility for the losses he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

Here, I consider that there were sophisticated aspects to this scam – including, for example, F's platform showing Mr M's funds being invested, the professional interaction he had with them and their website.

That said, I must also take in the account the following:

- Despite coming across F via an internet search, Mr M didn't carry out checks on the firm before proceeding – which would've been reasonable in the circumstances and easy to undertake. Instead, Mr M relied upon F's website and his interaction with them. As per above, a simple internet search on F would've uncovered the FCA warning that had been published and various online reviews indicating F to be a scam firm.
- Mr M didn't receive any investment contract or literature. While I appreciate Mr M may not have been experienced with investing in crypto, I think this should've been seen as unusual – thereby prompting concerns as to whether F was genuine.
- Mr M invested a significant amount of money from the outset without any confirmation of F's legitimacy. Mr M could've taken more caution before investing the sums he did.

Because of this, and taking everything into account, I think Mr M could've taken steps to protect himself from the scam. Therefore, on balance, I think it would be fair to reduce the amount Revolut pays Mr M because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

#### *Could Revolut have done anything to recover Mr M's money?*

The only option available to recover the debit card payments to the crypto provider would've been via chargeback. But given the payments were made to a legitimate crypto provider, I don't consider that a chargeback would have had any prospect of success given there's no dispute the crypto provider provided crypto to Mr M.

In respect of the £203.93 debit card payment, it seems this was for educational services. There hasn't been any evidence from Mr M to show what services were expected for this payment. Nor that he didn't receive any services from the merchant. And so, I think it's unlikely a chargeback attempt for this payment would've had any prospect of success either.

In respect of the £12,000 transferred to AM, Revolut has shown they contacted the beneficiary bank to recover the funds – which is all they could do in the circumstances. Unfortunately, this was unsuccessful.

For these reasons, I don't think Revolut could've done anything more to recover Mr M's money.

### **Putting things right**

I think it is fair that Revolut refund Mr M from the £5,000 payment on 1 June 2023 onwards (less 50% for contributory negligence). They should also add 8% simple interest to the payments to compensate Mr M for his loss of the use of money that he might otherwise have used.

### **My final decision**

My final decision is that I uphold this complaint in part. I direct Revolut Ltd to pay Mr M:

- 50% of his loss from the £5,000 payment on 1 June 2023 onwards – which I calculate to be £29,222.32.
- 8% simple interest, per year, from the date of each payment to the date of settlement less any tax lawfully deductible.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 18 September 2025.

Daniel O'Dell  
**Ombudsman**