

The complaint

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

What happened

At the end of 2023 Mr K met someone on a dating app, who turned out to be a scammer. The conversation eventually turned to what they did for work, and Mr K was introduced to a cryptocurrency investment opportunity that the scammer had supposedly been earning from. Mr K was shown a professional looking platform for the company, which I'll call "S", and when researching he found the website and reviews for the legitimate company which this one had cloned.

Mr K was told he'd need to convert his funds via an exchange before investing them, as he was only able to send cryptocurrency to the platform. So, over the course of six weeks he sent over £56,000 out of his existing Revolut account to three cryptocurrency providers (B, C and F), through a mixture of card payments and transfers. Mr K also made peer-to-peer (P2P) crypto currency purchases, which on his statement looked like transfers to individuals. He funded the transactions by cashing in investments held elsewhere.

Mr K made the following payments as part of the scam (the times are when he processed the payments, rather than when they completed):

Payment	Date	Time	Tye/Payee	Amount
1	4 January 2024	22.52	Card payment to B	£500
<i>Declined</i>	<i>7 January 2024</i>	<i>20.46</i>	<i>P2P crypto transaction</i>	<i>£1,909.96</i>
<i>Declined</i>	<i>7 January 2024</i>	<i>21.17</i>	<i>Transfer to B</i>	<i>£2,410</i>
<i>Declined</i>	<i>9 January 2024</i>	<i>16.48</i>	<i>Card payment to C</i>	<i>£2,059.80</i>
<i>Declined</i>	<i>9 January 2024</i>	<i>16.48</i>	<i>Card payment to C</i>	<i>£2,059.80</i>
2	9 January 2024	16.51	Card payment to C	£2,059.80
3	10 January 2024	14.01	Card payment to C	£3,089.70
4	12 January 2024	15.22	Card payment to C	£2,201.85
5	16 January 2024	13.18	P2P crypto transaction	£402.50
6	16 January 2024	14.09	P2P crypto transaction	£282.20
7	17 January 2024	11.15	P2P crypto transaction	£456.11
8	17 January 2024	16.25	P2P crypto transaction	£495
9	17 January 2024	16.48	P2P crypto transaction	£610
10	17 January 2024	17.49	Card payment to C	£1,587.74
11	18 January 2024	14.25	Card payment to C	£82.56
12	18 January 2024	14.27	Card payment to C	£459.19
13	19 January 2024	14.49	Card payment to C	£83.23
14	19 January 2024	15.00	Card payment to C	£2,092.23
<i>Declined</i>	<i>24 January 2024</i>	<i>10.24</i>	<i>Card payment to C</i>	<i>£5,774.18</i>
<i>Declined</i>	<i>24 January 2024</i>	<i>10.24</i>	<i>Card payment to C</i>	<i>£5,774.18</i>
15	24 January 2024	10.32	Card payment to C	£2,075.36
<i>Declined</i>	<i>24 January 2024</i>	<i>10.38</i>	<i>Card payment to C</i>	<i>£3,685.47</i>
<i>Declined</i>	<i>24 January 2024</i>	<i>10.38</i>	<i>Card payment to C</i>	<i>£3,685.47</i>

16	24 January 2024	10.42	Card payment to C	£2,241.98
17	24 January 2024	12.38	Card payment to C	£998.43
18	30 January 2024	14.44	Card payment to C	£619.91
19	2 February 2024	11.23	Transfer to F	£30
20	2 February 2024	15.33	Card payment to C	£2,989.88
21	2 February 2024	15.51	Transfer to F	£3,000
22	3 February 2024	16.00	Transfer to F	£7,000
23	5 February 2024	16.42	Transfer to F	£1,710
24	12 February 2024	14.21	Transfer to F	£8,527
25	19 February 2024	17.03	Transfer to F	£12,630

Revolut carried out fraud checks on several of the payments. Prior to the second one that completed, Mr K was asked some automated questions in-app, to which he said he wasn't being guided and was making the payment for investment purposes. He was then shown a warning saying this could be an investment scam, to beware of social media promotions, not to download anything allowing remote access, and to ensure he researched any cryptocurrency venture. Mr K opted to authorise the payment after acknowledging the warnings. Revolut also asked automated questions on most of the P2P transactions – and Mr K said he was either paying rent/bills or paying back a friend. Prior to allowing payment 15 Revolut again asked automated questions, and Mr K selected 'something else' as the purpose – meaning he was shown warnings relating to 'safe account' scams.

On 2 February 2024, Revolut forced Mr K into a live chat with an agent for further questioning after attempting to transfer £1,000 to F. He told Revolut he was paying back a friend, and when the agent queried why the transfer was going to a beneficiary related to cryptocurrency he said he wasn't buying cryptocurrency, his friend uses cryptocurrency and he was just paying back what he owed. Revolut questioned Mr K again about the purpose, and he said he wanted to buy cryptocurrency from his friend, who he trusted. He then became frustrated by the questioning and asked Revolut to cancel the payment.

Later that day Mr K put through a transfer for £3,000 to F and was again pulled into a chat with an agent. He told Revolut it was for a cryptocurrency investment that time and confirmed he wasn't being guided before the payment was released. Mr K spoke with Revolut again on 14 February 2024, after putting through the transfer to F for £8,527, as he thought his account had been restricted. It briefly questioned him about the payment and provided warnings covering different scam types – but the line in one of them saying "If someone says you need to send money as a tax or fee to access your funds, you are being scammed" clearly resonated with him. Mr K asked Revolut to elaborate on the mention of requests for tax meaning it's a scam, and also if it knew whether S was legitimate. But the agent ignored the tax query and told him S looked to be a trusted platform, before releasing the payment.

During the same period Mr K also sent money from his main account, at a bank I'll call H – again to various cryptocurrency exchanges. H had several calls with Mr K, where he became impatient and said he didn't need to explain what he was doing to the bank. No meaningful warnings were provided by H either. Mr K became frustrated with H's blocks on payments to cryptocurrency, and only sent around £8,000 to the scam via that account.

The majority of the funds sent to the scam from payment 4 onwards were for various fees and charges. The reasons given by the scammers for why more needed to be deposited included maintaining 'option balance equilibrium' (as the profit had exceeded the maximum allowed), upgrading the account to VIP status, 30% tax on a withdrawal request, and 'verification funds'. He was also told at one point he needed to send more cryptocurrency to the platform as the Financial Administrator had identified 'deposit violations' and suspected

him of money laundering. Mr K eventually realised it was a scam when he was asked to pay more fees, having been promised the previous ones would be the last costs before he'd be allowed to withdraw.

Mr K reported the fraud to Revolut and his bank, and complained that the fraud measures in place weren't sufficient. He also highlighted he was in a vulnerable state having recently gone through a divorce when he started speaking with the scammer. Revolut's final response said it processed chargebacks for the card transactions, but no dispute rights existed – as the money order service had been provided by the cryptocurrency provider. It also said it didn't have enough information to complete its fraud investigation, so it didn't think it was liable to provide refunds in the circumstances. Mr K wasn't happy with the outcome, and so referred things to our service for review.

One of our investigators considered the complaint and thought Revolut had acted fairly in the circumstances. In his view, Revolut had provided sufficient warnings for many of the transactions, and even if further probing had taken place he didn't think the scam would have been uncovered. That was because Mr K had misled Revolut during some of the interventions, and the romance element to the scam meant he had a high degree of trust in what the scammer was telling him. So the investigator thought he wouldn't have revealed the true nature of the payments.

Mr K didn't accept the investigator's view – in summary he said Revolut ought to have considered other interventions like calling him or temporarily suspending the account to allow time to investigate further. He also suggested that corroborating evidence could have been sought, verifying his relationship with the payee. The investigator's opinion remained the same, so Mr K asked for an ombudsman to make a final decision on the matter. The complaint was subsequently passed to me for review.

I reconsidered everything, and issued a provisional decision upholding the complaint in part. I also gave both parties the chance to make final comments before I issued a final decision on the case. I've copied below the section of that decision covering off my rationale for the outcome:

"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.

Were Revolut's actions proportionate to the risks?

Revolut identified that Mr K was at risk of financial harm from fraud at several points. It rightly identified a scam risk when payment 2 was processed, as this was a larger payment going to cryptocurrency, after a few declined transactions. The first payment, though also cryptocurrency related, wasn't large enough to cause concern. But prior to it being sent, only small payments had been made on the account – so payment 2 was out of character compared with previous usage. Revolut asked automated questions about it, and those didn't highlight any further significant risks – Mr K confirmed he wasn't being guided, and that he was investing. So I think a warning, tailored to the circumstances Revolut was aware of (that he was investing in cryptocurrency), was proportionate in the circumstances. Given there wasn't any obvious scam pattern emerging yet, and additional concerns weren't highlighted during the automated questions, I don't think the risks surrounding payment 2 were sufficient to warrant human intervention. I also don't think the warning Mr K was shown was particularly good – it didn't highlight many key features of cryptocurrency investment scams – but I'm not persuaded a good warning would have made a difference here.

That's because Mr K had been introduced to the opportunity by someone he thought he was romantically involved with, so there was a high degree of trust there and he's told us he followed the scammer's instructions on how to answer during interventions. Social media promotions or unsolicited calls are often highlighted as things to be wary of when it comes to cryptocurrency investments, and that advice wouldn't have resonated with his circumstances (given how he was introduced to the opportunity). S was also a clone of a genuine company, and so Mr K would likely have felt reassured by his research that he was dealing with a genuine firm. There weren't any warnings up online at this point about S, so even if he'd done some further research I don't think that would have thrown up anything concerning. All those things mean I'm not persuaded a good quality warning would have stopped Mr K from going through with the payment.

I don't think the next few payments after that warranted further fraud checks – they were spaced out (so no obvious indication Mr K was making them under pressure) and not escalating in size (payment 3 was a bit larger than 2, but after that they were mostly lower value transactions). Even on days like 17 January 2024, where multiple payments were sent to the scam, they weren't made in quick succession, and the values individually or cumulatively wouldn't have caused alarm. I think that changed on 24 January 2024 – the amounts both declined and sent to cryptocurrency escalated significantly, with all the attempts happening over a short space of time too. Revolut ought to have been concerned about Mr K clearly wanting to send multiple large payments to cryptocurrency, and trying slightly lower amounts when those didn't go through to circumvent the controls in place.

Revolut intervened on payment 15 with automated questions and didn't learn much, as he told it the purpose was 'something else'. After two further attempts at larger amounts were declined, when Mr K put through payment 16 (for £2,241.98) Revolut ought to have spoken to him before allowing it. I think the situation appeared to be escalating – which was an indicator he might be at risk of financial harm from a scam. Revolut did speak to Mr K about later transactions (on 2 and 4 February 2024), and so did his bank (H). So I've used those interactions to help me decide what I think would likely have happened if proportionate probing about the circumstances had taken place prior to payment 16 completing.

If Revolut had spoken to Mr K about payment 16, would that have prevented the losses he suffered from then onwards?

When speaking to H, Mr K was evasive and at points refused to share the purpose of the payments (he told H it was none of their concern and he wasn't obliged to say). He was also impatient with Revolut when it spoke to him, and clearly under pressure to make the payments quickly. I think it's likely Mr K would have behaved similarly if Revolut had questioned him when I think it ought to have, given he acted that way consistently across the interactions he had with both firms. I also think that type of behaviour would have been an indication he was trying to hide something, was under pressure, and potentially being coached.

During the first conversation Revolut had with Mr K on 2 February (when he tried to transfer £1,000 to F), he gave strange answers that didn't add up. He initially said he was paying back a friend, and wasn't buying cryptocurrency – and shortly after he pleaded to be allowed to buy cryptocurrency from his trusted friend. Yet the payments were going to a wallet likely to be in his name. Mr K then got frustrated and asked to cancel the transaction, and told the agent he was done with Revolut. But a short while later he made a larger transfer to F, and was again pulled into a chat. That intervention was poor, and he wasn't really questioned about the payment, though he changed his story to say he was investing. I know Mr K was being guided by the scammer on how to get through Revolut's security processes – but it's clear he didn't have a plausible or coherent explanation for what he was doing.

So I think if Revolut had questioned him prior to payment 16 it wouldn't have been satisfied by his answers, and would have needed to see something corroborating what he was doing before approving further payments. Even if Revolut had only asked to see statements for his cryptocurrency wallet, to check it was under his control (bearing in mind it had shown him a safe account scam warning a few minutes prior), it would have seen he was sending it on after the exchange. Mr K would likely then have been forced to come clean about the investment. Revolut never probed him about the investment when it had the chance, so his receptiveness was never put to the test – but he later did show he was willing to disclose details about it (during the conversation on the 14 February 2024 he gave the name of the platform). So I think a proportionate intervention could have uncovered the details of what he was involved in.

By payment 16 the circumstances were so indicative of a scam that had Mr K shared any of the details (of what he was being asked to pay for or how he found the opportunity) Revolut would have immediately spotted the red flags, and further payments would have been prevented. The intervention Revolut carried on 14 February 2024 was also poor, but the agent did give Mr K some information about the features of cryptocurrency investment scams – namely that being asked to pay fees to taxes to access funds was an indicator it wasn't legitimate. Had that been properly explained to Mr K I think he would have realised what was happening – as he was inquisitive and questioning even when given a small amount of useful information, as well as looking for reassurance about S. I think that supports the view that a good intervention at payment 16, with the key features of those types of scams explained, would have worked to prevent further loss. He'd been asked to pay various different fees and charges by that point, so I think that warning would have resonated (though wouldn't have earlier, when that wasn't the case).

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

I have taken into account that Mr K 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 K was at risk of financial harm from fraud, made further enquiries about payment 16 and ultimately prevented Mr K's loss from that point. I think Revolut can fairly be

held responsible for consumer'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 K has chosen not to complain about the transactions he sent from H to Revolut, and I can't compel him to do so. Mr K did complain separately about the payments sent directly to cryptocurrency from his account at H, and he received a refund. Our service thought that amount was fair in the circumstances, and he accepted our view on the matter. Overall, I don't think it would be fair to reduce Mr K's compensation here because he's only complained about one firm's role in these transactions, as I consider that Revolut should have prevented the loss.

Should Mr K bear any responsibility for his losses?

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

I recognise that there were sophisticated aspects to this scam, including a trading platform that looked very professional. S 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. I don't want to underestimate the level of social engineering that would have been involved here either – with the romance element to the scam coming at a time when Mr K was more vulnerable to that approach. He hadn't been chatting long before he was persuaded into sending large amounts, but I've seen how masterful scammers can be at building trust quickly. Mr K also invested relatively cautiously to start with, putting in a smaller amount as a test, before being persuaded to send bigger sums. 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 – particularly as he had dabbled in cryptocurrency previously, as so had some idea of what was possible. That red flag would have become more pronounced as more was invested.

The biggest red flag for Mr K ought to have been the number of different charges and barriers to withdrawing his funds there were. By the time he was making payment 16 he'd paid almost the same in fees as he'd actually invested, and each time he sent more funds another previously unheard of cost would materialise. It seems clear from the conversations with the platform that Mr K didn't understand what the costs were, or how they were calculated – and at points he expressed they weren't fair. But he continued to pay them anyway, which I don't think was reasonable in the circumstances, particularly as he'd been able to withdraw early on to his H account (pre-trigger point) without having to pay all these costs. Though the interventions from either firm weren't great, some aspects of the warnings provided should have resonated – and the number of times he was told by Revolut and H that payments had been flagged as likely being scammed related ought to have aroused suspicions. Mr K also gave Revolut inaccurate information about the purposes of some of the payments, and though I appreciate he was aided in that by the scammer I think it ought to have struck him as odd that he was having to mislead Revolut when it was meant to be crypto-friendly. Not being entirely forthcoming about the circumstances hampered Revolut's ability to uncover the scam.

I've thought carefully about Mr K's argument that he was vulnerable at the time, and I was very sorry to hear about the challenges he's faced with depression. This type of scam relies on people being persuaded to take more risks than they would usually be comfortable with, and that seems to have been the case for Mr K. I agree that being recently divorced would also have meant he was more vulnerable to a romance scam. But he'd been on the dating

app a few months when he met the scammer, so wasn't in the throes of the break-up, and was managing his day to day affairs fine. I don't think there were any indications to Revolut he might be vulnerable either – he was confident and assured about wanting to compete the transactions during any conversations. So I'm not persuaded Mr K's circumstances meant he wasn't able to recognise or mitigate the risks involved – particularly given how clear some of the warning signs were. He was sucked in by a persuasive scammer, like most victims. Overall, I don't think his divorce lessens his responsibility in what happened, to the extent that I think Revolut ought to be held fully liable. So, as I find there were clear warning signs Mr K missed that this might not be a legitimate investment opportunity, I've decided the parties should share liability for the preventable loss. That means I'm applying a 50% deduction to the refunds due, from payment 16 (inclusive) onwards.

I don't think the deduction made to the amount reimbursed to Mr K should be greater than 50%, taking into account all the circumstances of this case. I recognise that Mr K 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. Whilst Mr K's negligence in matters increased as time went on, so did Revolut's – and I've identified several occasions when it should have done more and been able to uncover the scam. The mandatory reimbursement scheme rules aren't relevant to these transactions either – so 'gross negligence' isn't the standard to consider Mr K's actions against.

Mr K 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 also thought about whether Revolut could have done more to recover the payments, and I'm satisfied it couldn't have. Mr K paid for a money exchange with the card payments (into the cryptocurrency), which he received, and so chargebacks wouldn't be successful against the merchants on those ones. For the transfers, those funds were also all exchanged to cryptocurrency and sent on quickly afterwards – so no money would have remained at the wallets (that received the payments) to be recovered. The disputed transfers to individuals resulted from legitimate P2P purchases of cryptocurrency too, so recovery from those accounts wouldn't be possible. I haven't seen any service issues either that I consider would warrant a further award. I appreciate that some of Mr K's interactions with Revolut were slow, but I think a lot of his frustration was borne out of the pressure from the scammers to make payments within a certain timeframe. He also played a role in why those conversations were happening in the first place. So, I've decided the interest applied to the redress will fairly compensate Mr K for the time he was deprived of use of those funds, and is sufficient in the circumstances.”

Mr K responded to say he hoped a settlement could be reached with Revolut, along the lines I had stated in my provisional decision. He reiterated that he had asked Revolut's technical team about S and it had said it did not think it was a scam platform. That had given him the reassurance to keep trading. Mr K was also concerned that Revolut's standard practices relating to cryptocurrency transactions weren't adequate, and argued that H's action in swiftly blocking him from making further payments to cryptocurrency was what Revolut ought to have done in the circumstances.

Revolut didn't provide a further response to my findings by the deadline.

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.

Having reviewed Mr K's response to my provisional decision, and the fact that no further arguments have been raised by Revolut, I see no reason to depart from the findings I made. So I'm upholding Mr K's complaint in part, for the same reasons I set out previously (copied above).

Putting things right

For the reasons I've explained, Revolut Ltd should settle the complaint by:

- Refunding 50% of payments 16 to 25.
- Applying 8% simple interest yearly to those refunds (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 K how much it's taken off. It should also give Mr K 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 K's complaint in part, and direct Revolut Ltd to settle matters in line with what I've detailed above (in the 'putting things right' section).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 4 September 2025.

Ryan Miles
Ombudsman