

The complaint

Mr G is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr G fell victim to a cruel cryptocurrency investment scam. He was contacted by scammers offering to generate returns from investing in cryptocurrency. He was required to install remote access software that allowed the scammers to help him set up an account with a fake trading platform that appeared to show trades being placed and profits generated on his behalf. He also set up an account with Revolut, which was used to fund the following payments to the scam:

No.	Date	Amount £
1	2 Aug 2023	3,000
2	4 Aug 2023	6,000
3	22 Aug 2023	3,000
4	24 Aug 2023	1,000
5	13 Sep 2023	930
6	7 Nov 2023	100

All of the payments went to a known cryptocurrency exchange. Mr G says payments 5 and 6 were fees he was told to pay when he wanted to withdraw money from the scheme. He realised it was a scam when he didn't receive anything despite paying these amounts.

The Revolut account history shows Mr G received three payments of £32.99, £4.68 and £4.83 from the cryptocurrency exchange between November 2023 and March 2024. I understand the rest of his money was lost.

My provisional decision

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

There's no dispute that Mr G authorised these payment. In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that Revolut should:

- *have been monitoring accounts and any payments made or received to*

- counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud. This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

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

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

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and/or the purchase of cryptocurrency. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

Nonetheless, Revolut knew these payments were going to cryptocurrency. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Considering what Revolut knew about payment 1 at the time, including that it was for a significant amount and was going to cryptocurrency, I think it ought to have identified Mr G could be at risk of harm from fraud from the outset.

What did Revolut do to warn Mr G?

It appears Revolut did recognise the risk associated with payment 1 and warned Mr G that it may be associated with a scam. It asked the purpose of the payment, in response to which Mr G answered that he was making an investment, and then showed a series of warning screens setting out some common features of investment scams. These included that fraudsters may contact victims or advertise online offering fake investment opportunities and that legitimate investment companies won't arrange investments over social media or offer guaranteed returns and will be registered with the Financial Conduct Authority (FCA).

Taking everything into account, I'm satisfied this was a reasonable response at this time and that Revolut took adequate steps to warn Mr G of the scam risk associated with payment 1. Payment 2, however, was for a much larger amount and was Mr G's second payment to cryptocurrency (totalling £9,000) in the space of only three days. But I understand Revolut provided no further intervention or warnings before this and

the rest of the payments to the scam were processed. In my view it should have done much more.

What kind of warning should Revolut have provided before processing payment 2?

Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr G's account. I think it should have done this by, for example, directing him to its in-app chat to discuss the payment further.

If Revolut had intervened as I've described, would that have prevented the losses Mr G suffered from payment 2?

I've no reason to think Mr G wouldn't have been honest with a Revolut agent if he'd been asked about the circumstances of the payment. I note he did disclose payment 1 was for investment when he was asked and I've seen no evidence that he received detailed coaching about how to respond to any questions he might have been asked. I'm also conscious this was an early stage in the scam and that any influence the scammer had over him may not have been as strong as it might have become later on.

If he'd been asked about the circumstances of the payment, I think an appropriately skilled agent should have been able to establish how he'd found out about the investment scheme, that he was being guided by someone else who'd told him to install remote access software to allow them to access his device, promised extremely high guaranteed returns that were too good to be true, and set up with an account on a professional-looking platform. All of these are common features of investment scams.

If the agent had asked the name of the company Mr G was dealing with, they should also have been able to identify that the FCA had issued a warning about that company in June 2023 saying it wasn't authorised to offer investments in the UK.

Once Revolut's agent had established these points, I think they should have identified that Mr G was very likely falling victim to a scam and explained this to him. This explanation ought to have included common features of investment scams, many of which were present in Mr G's situation. On balance, I think such a warning would most likely have resonated with him, opening his eyes to the scam, and that he'd have decided not to go ahead with the payment.

I think it follows that if the scam had been uncovered at the point of payment 2, payments 3 to 6 would also have been prevented.

What about the actions of Mr G's bank?

This was a multi-stage fraud that saw Mr G move money from his bank to Revolut and then eventually onto the scammers. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted Mr G's bank to establish if it attempted any kind of intervention before transferring his money to Revolut and, if so, how this affects my assessment of whether or not he acted reasonably in the circumstances.

In response, the bank told us it didn't show any scam warnings in respect of the transfers to Mr G's Revolut account or attempt to intervene in the payments in any other way. So I'm satisfied it took no action that should have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances.

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

I have taken into account that Mr G 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 he was at risk of harm from fraud, made further enquiries about payment 2 and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr G has chosen not to pursue a complaint about any other business and I can't compel him to do so. And, I don't think it would be fair to reduce his compensation because he's only complained about one business, 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 haven't 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 don't intend to comment on it. I note that Revolut says that it hasn't asked me to analyse how damages would be apportioned in a hypothetical civil action, but rather it's asking me to consider all of the facts of the case before me when considering what's fair and reasonable, including the role of all the other financial institutions involved and I'm satisfied that's what I've done.

Should Mr G bear any responsibility for his losses?

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

In particular, the information provided refers to the scheme offering guaranteed returns of more than 40% over only three months. These returns are extremely high and I think Mr G should reasonably have questioned whether this was too good to be true. In addition, he was told payments 5 and 6 were costs he needed to pay to obtain those returns. There's no indication he'd been told about costs to withdraw previously. In the circumstances, I think he ought to have proceeded with great caution. If he'd carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr G's losses once it was aware that the payments were the result of fraud.

I understand Mr G didn't tell Revolut about the fraud until January 2024, several months after the last payment. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate

any attempted recovery and it's not a surprise that Revolut's attempts to recover his money weren't successful.

In addition, Mr G transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Revolut could only try to recover funds from Mr G's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

In the circumstances, I don't think anything that Revolut could have done differently would likely have led to these payments being recovered.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr G and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payment 1 in line with his instructions, if it had carried out an appropriate intervention before payment 2 debited his account, I'm satisfied payments 2 to 6 would have been prevented.

The responses to my provisional decision

Mr G's representative confirmed his acceptance of my provisional decision. Revolut confirmed it had nothing further to add.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

As neither party has made any further submissions, my findings haven't changed from those I set out previously.

Putting things right

The principal aim of any award I make must be to return Mr G to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and he would have retained the money that was lost from payment 2 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr G's own contribution towards the loss.

I can also see that Mr G received a small amount back from the scam. But it's not clear which payment(s) this money related to and I don't think it should be attributed to any specific payment. Instead, I think it should be deducted from the amount lost by apportioning it proportionately across all of the payments made to the scam. This ensures that the credits are fairly distributed.

To put things right Revolut should pay Mr G compensation of $E + F$, where:

- $A = £14,030$, representing the total of the payments to the scam;
- $B = £42.50$, representing the amount returned to him;

- C = £13,987.50, representing the total loss to the scam (A - B);
- D = 99.7%, representing the proportion of A that was lost to the scam (C divided by A);
- E = a refund of 49.85% of each of payments 2 to 6, representing a 50% refund of the proportion of these payments that were lost to the scam; and
- F = simple interest on each amount being refunded in E at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr G for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr G with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I partly uphold this complaint. Subject to Mr G's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 October 2025.

James Biles
Ombudsman