

The complaint

Mr C complains Revolut Ltd won't refund the money he lost to a recovery scam.

What happened

The background to this complaint is familiar to both parties, so I'll only refer to some key events here.

In June 2023, Mr C lost just over £11,000 to what turned out to be a crypto investment scam – the circumstances of which I am considering as part of a separate complaint.

In September 2023, Mr C was contacted by a company (which I'll refer to as B) which claimed that, in partnership with several other companies, it could recover the crypto he'd previously lost to the earlier investment scam. Over the coming months Mr C was persuaded to make multiple payments totalling over £70,000 to various places - including a named individual (who I'll refer to as 'ZD') and legitimate crypto exchanges - believing he was paying various fees, taxes and charges required to recover his lost funds.

Mr C realised he'd been scammed when he continued to be asked for further fees but was never able to recover his lost crypto.

Mr C complained to Revolut that it should have done more to protect him from the risk of financial harm from fraud. Revolut refused to reimburse his losses as it was satisfied the payments had been correctly authorised and processed. It said it had also intervened on some of Mr C's later payments, but he had not provided accurate answers about why he was making payments, which prevented it from uncovering the scam.

Unhappy with Revolut's response, Mr C referred his complaint to the Financial Ombudsman Service. Our Investigator didn't uphold the complaint. Mr C disagreed and asked for a final decision.

The case was then passed to me to decide.

Having reviewed this case, I concluded Revolut ought to have done more to prevent some of Mr C's losses. I set out why I considered there was sufficient reason for Revolut to recognise that his fifth payment to ZD was out of character and unusual. While Revolut did intervene on an attempted payment the same day, I explained why I was not persuaded that intervention was proportionate to the risk identified. I explained why I thought a proportionate intervention would, most likely, have prevented Mr C's losses from that point onwards. I also explained why I thought Mr C should share equal responsibility for his loss, as I was not persuaded he'd taken reasonable steps to check the legitimacy of what he was being told before making payments. I concluded that Revolut should refund £26,341.48 of Mr C's loss, plus 8% interest from the date of each payment to the date of settlement.

Revolut acknowledged my suggested outcome and sought clarification on the redress I had recommended. It did not comment on or raise any objections to the conclusions I had reached. It also did not confirm whether it was prepared to resolve the case as directed. Mr

C accepted my suggested outcome.

As the deadline for Revolut to respond has now passed (which was also extended to allow Revolut further time to consider the case), I think it is fair to both parties that I reach a final decision.

What I've decided – and why

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

Having done so, I'm partially upholding this complaint for the reasons I previously set out.

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 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.

Did Mr C lose money to a scam?

Mr C has provided significant evidence of his correspondence with several individuals connected with the scam, which matches the transactions shown on his account statements and detail the transactions he was guided to make on the promise his crypto would be returned to him.

As such I have no doubts he fell victim to a recovery scam, where he was tricked into sending multiple payments in the hope of recovering the crypto he lost to the earlier scam.

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

Having considered the value and destination of the first five payments to the scam – those payments made between 25 October and 16 November 2023, which included payments to a legitimate crypto exchange and four payments to ZD – I’m not persuaded Revolut ought to have considered the payments suspicious, such that it ought to have made enquiries of Mr C before processing them. The payments were not so large or out of keeping with the account usage at that point that they ought to have appeared unusual or suspicious. As such, I don’t think Revolut could have prevented this part of his loss.

But I think Revolut ought to have been concerned when Mr C instructed the sixth payment to the scam – a £2,000 payment to ZD. This was the fifth payment to this new payee in just over a week, with previous payments totalling £4,600, and represented a significant change in his usual account activity.

I think there were other opportunities for Revolut to have intervened as Mr C continued to make payments to the scam, but for the purposes of this decision I have focused on the initial intervention.

What did Revolut do to warn Mr C and was it proportionate to the risk identified?

Revolut has demonstrated that it did intervene on 17 November 2023, when Mr C instructed a £2,000 payment to ZD. Revolut’s records indicate that this payment was stopped as it was recognised as a “*potential scam*”. At this stage, Revolut provided a “*Transfer Warning*” and initiated the real-time fraud risk assessment process. Mr C chose not to complete the risk assessment process, choosing instead to cancel the payment, indicating that he wished to conduct research. Because Mr C did not engage with the risk assessment, he was not presented with any warnings related to his payment.

But Mr C was then able to instruct the same payment, to the same payee five minutes later with no further intervention or warning from Revolut.

At the point Mr C made a second attempt to instruct a £2,000 payment to ZD, I think Revolut ought to have had the same scam concerns that it had when he instructed the initial payment attempt.

In the circumstances I don’t think it was reasonable for Revolut to allow this second payment to be processed without it taking proportionate steps to understand what the payment related to and providing Mr C with an appropriate warning tailored to the risk identified. I think it could have achieved this most successfully via its in-app chat function, where Revolut could have asked open probing questions about what the payments were for.

If Revolut had provided a warning of the type described, would that have prevented Mr C’s subsequent losses?

I have no evidence to suggest to me that, had Revolut intervened as set out above, Mr C would not have been honest in response to clear questions about the purpose of his payments.

There is no evidence to suggest Mr C had been coached by the scammers to disguise the reason for his payments at this stage. And I can see no other evidence that would lead me to believe he would not otherwise have been honest in his interactions at this stage, particularly if Revolut had been clear that it had stopped the payment due to scam concerns.

I think it’s important to note that at the time of making the payments, Mr C appeared to have his own suspicions about what was happening. On 13 November 2023, when discussing the need to make further payments with the scammer, Mr C wrote “*This is a joke I must be*

stupid I'm £2,000 out of pocket and now they are asking for more I told you my financial situation this feels like I'm getting scammed again." But unfortunately, in the absence of any warnings or information from Revolut about how he could keep himself safe, he was falsely reassured by the scammers.

I am however mindful that Revolut intervened in some of Mr C's later payments, specifically in January 2024 and at that stage Mr C was not completely open and honest. But I don't underestimate the value of a timely and proportionate intervention. I'm conscious that by the time Revolut did intervene the scam have been ongoing for nearly three months. The position was different in November 2023. The relationship was relatively new, and Mr C was still expressing his own scepticism on what he was being told. His losses were also much lower value.

In view of the circumstances, I don't think Mr C's behaviour later in the scam can reasonably be used to determine what he would likely have done had Revolut intervened appropriately at the outset of the scam, when the scammer's control and influence, and Mr C's loss, was significantly less and when Mr C was expressing his own doubts about what he was being told.

Overall, I'm persuaded that had Revolut intervened as I'd have expected it to on 17 November 2023 the scam would have come to light and Mr C's loss from that point would have been prevented. I think Revolut should therefore be responsible for reimbursing Mr C's loss from this point on, less a deduction for his own contribution to the loss.

Should Mr C bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

Having carefully considered the circumstances of the recovery scam, alongside what Mr C knew or believed at the time, I think he should reasonably be held equally responsible for his loss.

It's evident that this was a sophisticated scam. Mr C was led to believe there were various individuals and companies involved in the recovery of his crypto. He received messages and emails from what appeared to be independent and unconnected parties which seemed to corroborate what others had said. I can see why this would have added to the legitimacy of what Mr C was being told.

But I must also bear in mind that Mr C clearly had doubts about the legitimacy of what he was told from the outset. He expressed his concerns several times that he feared he was being scammed. Despite this, he seemingly took few if any steps to protect himself – for example researching any of the named companies he believed he was dealing with or asking for independent financial advice.

I also can't overlook that Mr C was led to believe his initial investment of £11,000 had increased to over £80,000 in six months (and had later risen to £230,000) which appears to be an implausible increase in value. He was also told that to gain access to these funds he had to pay seemingly endless fees to various locations, despite repeated broken promises that his crypto would be released on payment of the final fee/payment.

In the circumstances I don't think Mr C did enough to protect himself. But Revolut also didn't do enough to protect him or warn him about the evident scam risks. And I must be mindful that even after the initial trigger point there were multiple other points when I think Revolut ought to have recognised that Mr C was at a significantly heightened risk of financial harm,

and yet it again missed the opportunity to provide him with appropriate warnings.

In the circumstances I think it is reasonable for Revolut and Mr C to share equal responsibility for his loss from 17 November 2023 onwards.

What was Mr C's loss to the scam?

In considering Mr C's loss I am aware that, towards the end of the scam – between 21 and 26 January 2024 - he received credits into his accounts from individuals that were unknown to him and who have since raised scam claims in relation to those funds.

Having reviewed the scam chat, it seems these deposits into Mr C's account were most likely arranged by the scammer and likely received from other individuals that had been scammed like Mr C. It seems Mr C was led to believe the deposits into his account were loans to enable him to make final payments to recover his lost crypto, but most likely actually served to try to encourage him to continue making payments to the scam.

In any event, while I do not think Mr C knowingly received scam funds into his account, the deposits do not represent his loss. So, I have deducted them from his overall loss, as well as applying a 50% deduction to account for Mr C's responsibility for his loss. Overall, I think Revolut should refund £26,341.48 of Mr C's loss.

Recovery

In terms of recovery, there was little Revolut could have done to recover Mr C's lost funds. For the transfers, while there was a delay in Revolut attempting recovery, I'm mindful that Mr C first reported the scam several months after the payments were made. As such, I would not have expected any recovery attempt to have succeeded. For the card payments, the only route of recovery would have been a chargeback, but Revolut considered a claim and advised Mr C his claim was unsuccessful. While his payments were ultimately lost to a scam, he had no dispute with the merchant who received his payments (the legitimate crypto exchange) as crypto was provided as intended.

Putting things right

For the reasons I've given, I uphold this complaint and direct Revolut Ltd to:

- Refund 50% of Mr C's losses from 17 November 2023 onwards, which I have calculated to be £26,341.48
- Pay 8% simple per year on this amount from date of payment to date of settlement (less tax lawfully deductible).

My final decision

For the reasons I've given, I uphold this complaint and direct Revolut Ltd to settle the complaint as set out above. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 20 November 2025.

Lisa De Noronha
Ombudsman