

The complaint

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

What happened

In early 2024 Mr M met someone on a dating app and started corresponding with them. Eventually the conversation turned to investments and the money that could be made through trading with cryptocurrency. The individual showed Mr M a legitimate looking platform and website, offered by a company I'll call "T", and explained deposits would need to be made in cryptocurrency. So he decided to invest, and bought the cryptocurrency required by transferring funds from his existing Revolut account to a wallet at a provider I'll refer to as "R", and also by exchanging his money within Revolut.

During three weeks in February 2024 Mr B made 29 transactions to convert just under £30,000 into cryptocurrency, which was then sent on to T's platform. Every transaction bar four was for £1,000 – due to R's payment limits. A full table of the disputed transactions was set out by the investigator in his view, so I won't repeat that here (though I have taken account of Mr M's annotations).

Revolut's fraud detection system was triggered by the 10th disputed transaction (a £1,000 transfer to R on 10 February 2024), and so it asked a series of automated questions in app. Mr M selected he wasn't being guided, the payment was going to a cryptocurrency investment account, he wasn't asked to install any software, he was told about the investment through a friend, and he'd researched the company. Revolut then showed a cryptocurrency investment scam warning, and Mr M continued with the transfer.

On 19 February 2024 a Revolut agent spoke to Mr M via the live chat function after a payment for £2,000 was paid into the account by one of his friends. The deposit was returned to source, but Revolut questioned Mr M about his recent activity, particularly the transfers to R. When asked to specify what the wallet was, he replied *"I'm using the wallet to buy ETH for myself to keep them in my wallet. I'm not sending anything to anyone. It's just my wallet"*. Mr M added that the wallet hadn't been endorsed by anyone, and to the agent's question *"Where do you plan to send the funds from the investment/crypto platform?"* he answered, *"I'm planning to send it back to my Revolut and sell it so I can keep the money as pounds in my account"*. Mr M was asked to provide screenshots showing he was in control of the wallet at R, and it took almost three days for Revolut to review those and unblock the account. During which time Mr M wasn't able to use his funds freely.

Mr M was encouraged to participate in increasingly large trades, until he'd invested all of his saved funds. When he tried to withdraw his profits from the platform he was asked to pay a fee of 10% (around £10,000), and then told there was an 'asset authentication' charge of 20%. That's when Mr M says he realised he'd been scammed. Towards the end of March 2024 Mr M reported the fraud, and Revolut replied to say it was unable to reimburse him, but it was working with a counterpart bank to recover the funds. When that was unsuccessful he contacted Action Fraud, but it also couldn't help.

Mr M raised a complaint with Revolut in September 2024 and said the activity ought have

been flagged as it was significantly out of character compared to his previous account usage. Revolut's final response said it had acted fairly by providing sufficient scam warnings and pursuing recovery of the funds. Unhappy with the response, Mr M referred his complaint to the Financial Ombudsman Service for review.

One of our investigators considered everything and didn't recommend the complaint should be upheld. In his view, Revolut intervened proportionately by providing a tailored warning and later questioning Mr M through its live chat function. As the investigator didn't think the answers provided during those checks were accurate, he didn't think Revolut could have done more to prevent the loss.

Mr M didn't accept the investigator's opinion and asked for an ombudsman to reconsider the matter. He argued that he'd answered Revolut's questions as accurately as he could, and it hadn't done enough to flag why the account behaviour was concerning. So the complaint was passed to me to decide the fair outcome.

I issued a provisional decision upholding the complaint – and have copied my rationale for the outcome below:

"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've decided to uphold the complaint in part. That's because I consider Revolut ought to have intervened strongly, by speaking to Mr M, before allowing payment 9. Had he been questioned appropriately, given the clear indication he was likely being scammed, I'm not persuaded he would have been able to satisfy Revolut he wasn't at risk. So I think further loss would have been prevented from that point onwards. I have also decided that Mr M ought to share responsibility for the loss, as he missed clear red flags that the investment might not be legitimate. I've explained my rationale in full 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.*

Revolut has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment. Revolut did intervene prior to processing one the transfers, and also spoke to Mr M after a payment into the account was stopped. So the question for me to decide is whether those enquiries were proportionate to how concerning the disputed transactions ought to have looked, or if further fraud checks should have carried out at any point.

Mr M had been regularly using his Revolut account for a while prior to the scam payments. The usual activity consisted of low value daily spend, with only one transaction over £720 in the year leading up to February 2024. I wouldn't have expected Revolut to be concerned about the two initial disputed transactions on 8 and 9 February 2024 (for £100 and then £1,000 the following day), as neither were high value enough to raise alarms, nor were they forming an obvious scam pattern. But that changed on 10 February 2024 – when nine cryptocurrency related transactions totalling £11,000 were made. That day saw a high volume of large (for the account) payments going to a cryptocurrency provider, interspersed with even larger exchanges within Revolut, all going to various external wallets, combined with an unusual pattern (of sending multiple payments of the same value). That was a marked change in use for the account (over five times his typical monthly spend in a day) and was strongly indicative Mr M was falling victim to a scam. So it ought to have sparked concern from Revolut.

By payment 5 Mr M had sent £3,000 to a cryptocurrency provider that day, so Revolut ought to have asked some automated questions in order to provide a tailored scam warning. It did that prior to allowing payment 10, and the warning didn't resonate with Mr M sufficiently to stop him from proceeding further, which suggests the same would have been the case earlier in the day. He was also quite poorly at the time, and perhaps not taking in as much as he much otherwise, so I don't think a warning during the payment 5 process would have likely alerted him to what was happening and prevented further loss. However, I consider the risk presented by payment 9 (it took the total sent or converted to cryptocurrency that day to £10,000, and was the sixth payment of £1,000 to R) was so great that Revolut ought to have spoken to Mr M to probe the circumstances behind it.

Although Revolut could assume that the transfers were likely going to a wallet in Mr M's name, I don't think it should have taken much comfort from that. By this point in 2024 Revolut would have been aware of the prevalence of multistage fraud, particularly involving cryptocurrency, and ought to have been alive to the patterns and risks associated with it. Revolut did speak with Mr M, but towards the end of the scam when most of the loss had already occurred – so it's helpful, but only to a certain extent, as an insight into how he might have answered questions about payment 9.

During that conversation on 19 February 2024 I don't find Mr M was as forthcoming as he could have been. He isn't clear that the cryptocurrency is being invested elsewhere after being converted at R, and doesn't volunteer the scammer's involvement as the person who'd been steering him through the trading. But I don't find that he misled Revolut to the same extent the investigator has concluded. It doesn't matter either way, as the intervention wasn't sufficient in the circumstances – and Revolut was given all the information it needed (through the screenshots of his wallet) to know the cryptocurrency was likely being invested elsewhere. The balance seen in the screenshots doesn't match nearly the amount Revolut knew he'd sent to it, and none had been paid back into his account – so it ought to have probed where the rest had gone. It also didn't question Mr M about the concerning aspects

of the recent activity, like why he was sending funds in that pattern (the multiple payments sent over a short period of time, for the same amount, to different wallet addresses).

Mr M was guided through making trades by the scammer, but went through both of Revolut's interventions without being coached on how to answer at all. I'm also not convinced Mr M set out to deceive Revolut at any point either (I consider his automated answers on 10 February were accurate), nor do I think he would have been capable of inventing an elaborate cover story in his weakened state. He believed the investment was legitimate, whilst knowing Revolut had a crypto-friendly outlook, so I think he'd have come clean about the circumstances with the right level of probing. There was a high bar for demonstrating the activity was legitimate too, given how concerning it ought to have looked – which I don't think he could have explained. Had Revolut had asked for screenshots of his wallet at that point, it would have been alerted to the likelihood of an onward platform anyway.

Once Revolut was aware of the circumstances, they were so indicative of a scam (how he came to the opportunity, the unrealistic returns etc.) that it would have quickly been alerted to what was happening. If Mr M needed some persuading then Revolut could have asked him to try and withdraw his full balance on the platform, and he wouldn't have been able to without paying large upfront costs – which is what eventually made him realise he'd been scammed. He was under the scammer's spell to an extent, as he believed he was in a relationship. But they'd only been chatting a few days and the conversation shows he was still questioning certain aspects of what he was being told. So I think Mr M would have been receptive to good quality scam advice. That means I'm confident a proportionate intervention prior to payment 9 would have likely prevented any further 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. But Revolut should still have recognised that Mr M was at risk of financial harm from fraud, made further enquiries about payment 9 and ultimately prevented the loss from that point. I think Revolut can fairly be held responsible for Mr M's loss in such circumstances. While I have also 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. As I consider that Revolut should have prevented the loss, I do not think it would be fair to reduce Mr M's compensation because he's only complained about one firm. I've checked for interactions with those other firms during the scam, and there weren't any that affect my decision.

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 of the circumstances of this complaint. That includes taking into account Mr M'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 legitimate. I've also seen firsthand in the chats provided the extent of the social engineering and manipulation Mr M was put through at the hands of the scammer. I want to thank him for sharing those with us – I know he must have hoped he was having those conversations privately, but they have been crucial in helping understand what happened. I've factored in the cultural aspects of the case too, and why the accelerated pace of the relationship wasn't such a red flag for Mr M. Though a lot of money was eventually sent to the scam, he started out fairly cautiously with smaller amounts.

That said, there were several concerning aspects to the investment – including returns that ought to have seemed too good to be true. I accept Mr M might have believed that a lot of money could be made in trading cryptocurrency, but when he tried to withdraw his balance it was more than three times what he'd invested in only a couple of weeks. The quick returns from the trades on 10 February 2024 also ought to have seemed to go to be true, especially compared to the effort involved. Just as Revolut ought to have noticed the marked change in

spending habits, Mr M ought to have paused more over the large amounts leaving his account in a short space of time, on the advice of someone he had just started speaking to – and who had been avoiding having a video call or meeting in person. The scammer changed their number several times as well, without that being adequately explained.

I think there was enough going on that ought to have prompted some further research about the opportunity – and there were comments available online at the time from people saying it was a scam, and almost describing Mr M's exact scenario. There was also an article posted a month before on the legitimate T's website detailing that these types of scams were being perpetrated using its platform. I've considered that he could have been clear with his answers to Revolut on 19 February 2024 too, which might have helped prevent some of the loss. So I think there were steps Mr M could have taken to protect himself, and red flags that were missed. Therefore I've decided the parties should fairly share responsibility for the loss – and I plan to apply a 50% deduction to the refunds of the transactions I consider Revolut shouldn't have processed.

I don't think the deduction made to the amount reimbursed to Mr M should be greater than 50%, taking into account all the circumstances of this case. I recognise that Mr M 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, a firm subject to a range of regulatory and other standards, played in failing to intervene proportionately. The mandatory reimbursement scheme rules aren't relevant to these transactions either – so 'gross negligence' isn't the standard to consider Mr M's actions against. Mr M 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 extent to which he was at risk of 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. These were mostly all transfers to purchase cryptocurrency, which was provided to Mr M but then sent onto the fake platform from R. So there wouldn't have been any funds remaining in Mr M's wallet to be recovered. The withdrawals that occurred after the exchanges at Revolut also wouldn't have likely been recoverable, given the inherent difficulty in tracing cryptocurrency transactions and the lack of regulatory oversight. Though our services' jurisdiction doesn't allow us to specifically review the cryptocurrency withdrawals made, the ones that occurred after payment 9 are consequential losses arising from the failure to intervene appropriately – so are fairly included in the redress calculations.

I have also considered whether there were any service issues that would warrant a further award – and I've decided compensation is due, for the delay in unblocking Mr M's account following the checks Revolut undertook on 19 February 2024. I appreciate it wanted to review things, but that was too long to leave Mr M stranded and worrying without the use of his account. On the day of the block he wasn't able to pay for a sandwich he'd ordered, which was no doubt embarrassing. That shouldn't have happened, as the scam ought to have been uncovered on 10 February 2024 (and without the need for a long review period). So I intend to direct Revolut to pay Mr M an additional £150 to apologies for the impact of that poor service. I've also applied 8% simple interest yearly to the redress Revolut owes (in line with our general approach) in order to compensate Mr M for the time he was deprived of the use of his funds."

Revolut replied to say it accepted my findings. Mr M responded to say he believed Revolut ought to have intervened earlier, and (in summary) made the following points:

- The third transaction on 10 February 2024 was a withdrawal in cryptocurrency to the scammers external wallet. The wallet's turnover exceeded one million dollars and its transaction pattern was incompatible with a personal or new user wallet.
- Had Revolut reviewed or verified that wallet address it would have been obvious it wasn't Mr M's account – and the scam could have been detected and stopped from that point.
- This was his first ever cryptocurrency transfer, which was a deviation from the norm and entirely new behaviour for the account (which usually transacted around £100). So under the Consumer Duty 'foreseeable harm' principle it should have conducted further checks with him to verify the purpose and destination. That would have prevented further losses.
- The only warning Revolut issued was generic and irrelevant to cryptocurrency scams – which didn't meet the regulator's requirement for targeted, contextual intervention. He didn't think the automated questions asked could meaningfully protect customers.
- Overall he felt Revolut's interventions were too late and ineffective.
- He had no technical background in blockchains or wallet structures, and was under the influence of a romance-based scammer – so he fits the definition of a vulnerable consumer, rather than a negligent one.
- Cryptocurrency trading is inherently volatile, and at that time such rapid gains seemed plausible. He also tested the platform with two £1 trades and both resulted in losses, which made it appear genuine.
- As a first time cryptocurrency user he did not know where to look for the technical articles I'd mentioned, where there were warnings that T was a scam.
- He believed his behaviour throughout showed he was cautious and acted in good faith, rather than careless.
- He argued that a full reimbursement is the fair and proportionate outcome, covering approximately £28,300 of the £29,400 lost, plus 8% simple interest and the £150 service award.

I responded to say I would fully review the arguments raised, but in the meantime pointed out that the withdrawals in cryptocurrency (directly to the scammer's external wallet) weren't transactions our service had the power to review. That's because cryptocurrency services are regulated by the Financial Conduct Authority, or otherwise covered by our jurisdiction. So I couldn't make the finding that Revolut ought to have detected any of the concerning things Mr M highlighted about the destination wallet for the withdrawals, and there is no regulatory requirement to conduct that sort of monitoring. I could only review if Revolut should have done more to protect him when carrying out payment services on the account – like the transfers to R.

Mr M accepted that we had no jurisdiction over the cryptocurrency withdrawals themselves. He clarified, though, that his point was Revolut had failed to identify he was at risk and intervene before those cryptocurrency transactions took place, during the regulated payment and exchange processes within its platform.

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.

I've also carefully considered Mr M's response, and I thank him for the detailed submissions he's provided. But I've not been persuaded to depart from the outcome I reached in my provisional decision. I'll explain why.

Mr M has argued that essentially there should have been a strong intervention when the transactions departed from his normal spending pattern – and I disagree that's a reasonable expectation on firms. People's spending habits can change, without that necessarily being fraud related – and Revolut promotes itself as a cryptocurrency provider, so it won't be inherently unusual for its customers to make use of those features. It's also not uncommon for people to make one off larger payments either, and the majority of cryptocurrency transactions will be legitimate. So, before intervening, Revolut needed to be seeing activity that didn't just indicate Mr M had decided to exchange funds into cryptocurrency (albeit a relatively large amount compared to prior account usage). It needed to see risk factors that strongly suggested he might be falling victim to a *scam* involving cryptocurrency.

I agree, though, that the account activity on 10 February 2024 did become concerning, and I've also concluded that an earlier intervention (than Revolut carried out) was warranted, at a similar point to when Mr M has argued for. But I don't agree that things looked sufficiently risky by that point to justify human intervention, like a phone call. Revolut isn't under the same regulatory obligation to monitor cryptocurrency withdrawals either, and detect the kinds of things Mr M has said ought to have concerned it. That said, some kind of intervention was needed, as he had started to exchange larger amounts of money into cryptocurrency and send it to an external wallet. But I don't consider a clear enough scam pattern had emerged by the third transaction that day to mean it was necessary to freeze the account and speak with him.

A tailored cryptocurrency investment scam warning would have been the proportionate intervention earlier on – and Mr M did eventually receive one, but unfortunately it didn't resonate. I appreciate he doesn't feel that warning was sufficient, and it wasn't by the point it was shown, but the key features it highlighted could have resonated with other victims (I don't agree it was irrelevant to all cryptocurrency investment scams). Due to the specific nature of the scam Mr M was involved in, and particularly the romance element of how he came to the investment opportunity, I don't think the scam could have been uncovered through automated warnings. Revolut needed to speak with him, and I think the circumstances had become sufficiently concerning to mean that was essential (bearing in mind that a warning would have been shown at an earlier point too) by payment 9 – and I set out why in my provisional findings.

I appreciate that Mr M was the victim of a cruel scammer, who used romance elements to persuade him. I'm also not questioning that he acted in good faith. But I don't agree that sending almost £30,000 to a cryptocurrency investment in a three week period, on the say so of someone he'd just started speaking to and not met (who was avoiding confirming their identity) was cautious, or reasonable in the circumstances. Mr M says he recognised that cryptocurrency trading was volatile, but didn't find it suspicious that the scammer was seemingly a trading savant, without there being a plausible explanation for that, and never lost on a trade – in fact, seemed to make increasingly large profits very quickly. I accept that there is a general perception that lots of money can be made in cryptocurrency, but I find the way that happened in this case ought to have seemed too good to be true and aroused suspicion. I also don't agree that an article published by the website for the wallet Mr M was

using would have been too difficult for him to find, and had he searched for information about the investment online he would have seen other people raising concerns at the time.

Mr M has argued he was vulnerable during the scam, mainly due to being under the scammer's spell and not having a technical understanding of cryptocurrency. By that definition most of the complainants that come to us with fraud complaints would be classed as such. But for me to conclude Mr M was vulnerable in this case I'd need to be satisfied he was especially susceptible to harm due to his personal circumstances – and less able to spot and mitigate the risks involved because of those circumstances. Not having any technical knowledge about cryptocurrency is something he shared with most of the general public, and I don't consider he had such a low capability for understanding financial information that it rendered him at risk. Overall, I haven't found any reasons that persuade me Mr M was less able, than the reasonable person, to recognise the red flags here. So I've concluded there was a degree of negligence that means he should share responsibility for the loss.

Putting things right

In order to put things right, Revolut should:

- Refund 50% of the disputed transactions from payment 9 onwards. The 50% refund of the cryptocurrency withdrawals made after payment 9 should be paid in Pounds, with the exchange calculated at the rate on the day of the withdrawals.
- Apply 8% simple interest yearly to the refunds, calculated from the date of the payments to the date of settlement.
- Pay Mr M £150 for the distress and inconvenience caused by the account being blocked for longer than it should have been.

If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr M how much it's taken off. It should also give him 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 M's complaint in part, and direct Revolut Ltd to settle the complaint in line with what I've set out above under the 'putting things right' heading.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 1 December 2025.

Ryan Miles
Ombudsman