

The complaint

Mr W complains that Revolut Ltd ('Revolut') won't reimburse the funds he lost when he fell victim to a scam.

What happened

Mr W says that in late 2023 he saw an advert online for an investment company I'll call 'B' in this decision. He completed an enquiry form and was contacted by a financial advisor for B who explained the investment opportunity and provided Mr W with a link to a trading platform. The initial investment Mr W made was small and wasn't made from his Revolut account. Mr W could see he was making a profit on the platform and decided to invest more.

Mr W then received fake emails from multiple companies which said he needed to make further payments to release his funds.

The payments that have been reported to Revolut and form part of this complaint were set out in the investigator's view. I will summarise them below:

- a payment to a cryptocurrency provider of £6,750 on 3 October 2023
- a transfer to a bank account held by Mr W of £25,000 on 12 October 2023
- five payments to another cryptocurrency provider between 24 and 27 October 2023 totaling £33,000 (another £25,000 transaction was returned by the provider) for £5, £10, £10, £24,975 and £8,000
- two bank transfers on 7 November 2023 to a Revolut business account not owned by Mr W amounting to £25,000 (£20,000 and £5,000)
- four transfers to a third cryptocurrency provider between 6 February 2024 and 23 April 2024. The cumulative value of the transactions was £156,000 (£28,000, £40,000, £80,000 and £8,000)

In June 2024 Mr W raised a scam claim with Revolut. He later instructed a professional representative to complain to Revolut on his behalf.

Revolut didn't agree to reimburse Mr W's loss. It said it provided scam warnings to Mr W.

Mr W was unhappy with Revolut's response and brought a complaint to this service.

The investigator who considered this complaint didn't recommend that it be upheld. She said that Revolut's intervention was proportionate and that even if it had gone further, it wouldn't have been able to uncover the scam. This was because Mr W misled Revolut, and other banks he also made payments from.

Mr W didn't agree with the investigator's findings, so the complaint has been passed to me to decide. In summary, he said:

- Revolut's intervention processes were fundamentally flawed because they failed to recognise the "inherent implausibility" of his responses. It should have been concerning that Mr W invested over £85,000 on the recommendation of friends and family as investment advice for such a large amount of money is usually obtained through regulated financial advisors.

- When he said funds were for web development services, Revolut ought to have recognised a red flag. Services of this nature aren't paid for using cryptocurrency. Mr W says that a brief telephone call would have uncovered the implausibility of this story and that Revolut should have asked for evidence.
- Revolut had a duty to look beyond the superficial answers provided by Mr W, particularly given the value of some transactions.

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 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 that's not the end of the story. 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 at the time the payments were made 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 (among other things). 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 – (as in practice Revolut sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the 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 W was at risk of financial harm from fraud?

It isn't in dispute that Mr W has fallen victim to a cruel scam, nor that he authorised the payments he made by transfers to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer) and to a company.

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

I recognise that, because of the actions of other payment service providers, many customers who wish to purchase cryptocurrency 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 cryptocurrency purchases made using a Revolut account will be legitimate and not related to any kind of fraud. However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency 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 W made, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

In those circumstances, as a matter of what I consider to have been fair and reasonable and good practice, Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. The introduction of the FCA's Consumer Duty, on 31 July 2023, further supports this view. The Consumer Duty requires Revolut to avoid causing foreseeable harm to its customers by, among other things, having adequate systems in place to detect and prevent scams.

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

I've gone onto consider, taking into account what Revolut knew about the payments, at what point, if any, it ought to have identified that Mr W might be at a heightened risk of fraud.

It's clear that Mr W had a history of making payments to cryptocurrency providers. I have set out some examples below. This is not an exhaustive list.

- 13/11/22 – 3 payments of £5,000, so £15,000
- 18/11/22 - £8,000
- 29/11/22 - £15,000 and £18,400, so £33,400 (to two different providers)
- 13/12/22 - £17,500 and £20,000, so £37,500

Shortly before Mr W made the scam payments reported to Revolut, he also made further cryptocurrency related payments of between £10 and £7,490 from 25 to 28 September 2023. These payments weren't included in Mr W's claim and, when this service asked about them, he said he couldn't remember what they relate to. As Revolut hasn't had the opportunity to consider these payments and I have no evidence to link them to a scam, I am not considering them here.

Considering the previous cryptocurrency related payments, I don't think Revolut ought reasonably to have had concerns that Mr W was at risk of financial harm from fraud when he first started to make cryptocurrency related payments. But I think there came a point when Revolut needed to provide written warnings about cryptocurrency related scams. I think this point was in October 2023 when Mr W made a payment for £24,975. I also believe Revolut should have asked Mr W about the payment of £20,000 to a company, which was a new payee. And, when Mr W made an identifiably cryptocurrency related payment of £80,000 on 22 April 2024, I think Revolut ought to have gone further and spoken to Mr W. The value of this transaction was significantly greater than any previous payment and there was a pattern of increasing payments. After making cryptocurrency related transactions of around £25,000, Mr W made a payment of £40,000 on 16 February 2024. The transaction on 22 April was for double this figure.

What did Revolut do to warn Mr W?

Revolut says that each time a new beneficiary was added Mr W was provided with a new payee warning. It also intervened at multiple stages. The early interventions Revolut has referred to in its submissions to this service pre-date the first payment Mr W has claimed, so I won't consider those interventions here. The only relevance of them is that Mr W received investment scam warnings from Revolut before he made the payments I am considering in this case.

On 3 October 2023 Revolut paused a cryptocurrency related payment of £6,750 and asked Mr W some questions about it. When asked the payment reason Mr W said it was for 'Something else' and went on to say it was for a transfer. Based on the answers provided, Revolut said there was a high chance his money was at risk and asked some additional questions. Revolut noted that Mr W had said nobody had told him his account wasn't safe, nobody was guiding him through the process or had told him to install remote software, and he hadn't been asked to ignore Revolut's warnings. Mr W was asked to confirm these answers were correct. Mr W confirmed that his answers were right.

On 26 October 2023 Mr W attempted to make a payment of £24,975 to another cryptocurrency provider. Again, Mr W was asked questions and was provided with warnings. Mr W was asked to answer truthfully and was told that a fraudster may ask him to hide the real reason for the payment. In response to specific questions, Mr W confirmed:

- nobody was telling him how to answer the questions
- the payment related to an investment, and more specifically to 'Gains from cryptocurrency'
- he wasn't told to install remote access software
- he found out about the investment opportunity through friends and family
- he had invested in cryptocurrency before
- he had completed research
- he controlled the account he was paying – it was an existing account

Mr W was provided with onscreen warnings asking him to be aware of social media promotions of fake investments, that scammers ask victims to instal remote access software, to research the opportunity and not to feel rushed. Mr W was asked to sign a risk agreement and the payment was completed. These screens were displayed on other occasions when Mr W chose 'Gains from cryptocurrency' as the payment reason.

On 27 October 2023 Revolut restricted Mr W's account as it believed the transactions he was making related to a scam. Revolut completed a verification check and asked Mr W some questions. Mr W confirmed that cryptocurrency trading had been recommended by a work colleague and, "No third party has assisted me with any of the investments made". Revolut advised Mr W to be vigilant and went on to say: "We recommend you to always check your sources on reputable websites such as [two sites named]. If anyone is offering financial advice, it should be FCA regulated – You can check here on this website if the company is regulated". A link was then provided. I think Revolut could have gone further here and given more information about how to identify cryptocurrency investment scams.

On 31 October 2023 Revolut went through a similar process when Mr W made a payment of £25,000 to the same payee as the transaction I discussed above on 26 October. This transaction was returned to Revolut as the provider chose to close Mr W's account but some of the warnings Revolut provided at the time the payment was made are relevant here. Revolut discussed too good to be true investment opportunities, the need to do his own research as fraudsters may appear knowledgeable and create convincing looking social media posts or share articles about investing. Revolut went on to advise Mr W, "If someone says you need to send money as a tax or fee to access your funds, you are being scammed"

and that its fraud detection systems showed a strong chance the investment was a scam, meaning that if he made the transfer he was likely to lose his money.

Mr W then made two payments to the account of a company on 7 November 2023. Revolut blocked the first payment of £20,000 and asked Mr W some questions about it. I have listed below some of the questions Revolut asked and quoted Mr W's responses in italics after the question.

- Please answer truthfully, if you're being scammed the fraudster may ask you to hide the real reason for this payment. *I understand*
- Is anyone telling you how to answer these questions? *No, I am not being assisted through this questionnaire*
- Were you told which option to select (in respect of the reason for the transfer – when Mr W chose 'Transfer')? *No, I am selecting on my own accord*
- Have you been told to ignore these warnings? If someone is telling you to ignore our warnings, it's likely a scammer *No, I have not been told to ignore warnings*

In January 2024 Mr W attempted to make a payment of £7,860 to another individual. After answering some on-screen questions Mr W was directed to Revolut's chat. Mr W told Revolut it was a payment for services, he wasn't being guided, he didn't have an invoice because the payee was a close friend, and that the payment was for "Web Development Services". This payment was timed out and not reattempted. But Revolut provided more warnings about investment scams including:

- social media contact about investment opportunities with apparently little or no risk involved
- being unable to access funds on a platform or withdraw them
- being asked to send funds to cryptocurrency platforms
- being asked for personal information
- being asked to install screen sharing apps
- being advised on how to respond to Revolut's questions

I turn now to the significant payments Mr W made to a cryptocurrency exchange. Revolut intervened on a payment of £28,000 in early February 2024. Mr W answered questions about whether he was being guided in the same way as previously. He advised that he was buying cryptocurrency and that he was not being guided to make the transaction. Again, Mr W was told that if someone was telling him he needed to pay a fee to access his funds, he was being scammed. When asked what he would do with the funds when they reached his cryptocurrency account, Mr W said that they would remain in the account until he withdrew them to his bank account. Before processing the transaction, Revolut required Mr W to take a selfie while holding a piece of paper on which he handwrote that he confirmed he wasn't being guided and understood there were limited prospects of recovering the funds if he proceeded.

Revolut restricted Mr W's account and communicated with him around the time of the £40,000 transaction. Revolut asked for a lot of evidence from Mr W about recent transactions and asked further questions. Mr W told Revolut that funds transferred to his cryptocurrency account remained on the platform.

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.

I think that when these payments took place Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored

warnings relevant to that scam for APP – for example by seeking further information about the nature of the payment to enable it to provide more tailored warnings.

Revolut ought, fairly and reasonably, to have attempted to narrow down the potential risk further. I'm satisfied that when Mr W made a cryptocurrency related payment of £24,975 on 26 October 2023, Revolut should – for example by asking a series of automated questions designed to narrow down the type of cryptocurrency related scam risk associated with the payment he was making – have provided a scam warning tailored to the likely cryptocurrency related scam Mr W was at risk from.

The warning Revolut ought fairly and reasonably to have provided should have highlighted, in clear and understandable terms, the key features of common cryptocurrency investment scams, for example referring to: an advertisement on social media, promoted by a celebrity or public figure; 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.

As I have said above, I think that when Mr W made a payment of £80,000 to a cryptocurrency provider on 22 April 2024, Revolut should have spoken to him and asked probing questions to satisfy itself he wasn't at risk of financial harm from fraud.

Would intervention of the type described above have made a difference and prevented Mr W's loss?

I have set out in some detail Revolut's interactions with Mr W because I think they demonstrate the extent to which Mr W misled Revolut and the difficulty it faced in uncovering the scam and preventing his loss.

Up until Mr W's payment of £80,000 on 22 April 2024, Revolut broadly provided the type of warnings I would expect. It asked questions to narrow down the type of cryptocurrency related scam Mr W was likely falling victim to and provided warnings tailored to that risk. Revolut also stressed to Mr W the importance of providing truthful answers to its questions.

It's clear from the limited chat messages Mr W has provided to this service that the scammer coached Mr W and that Mr W was sharing screenshots of his interactions with Revolut with the scammer. At the beginning of February 2024, Mr W told the scammer that Revolut had sent a long message "with the usual scam warnings". Mr W then said that Revolut had asked for more information. The scammer asked Mr W to share screenshots and provided Mr W with advice on what to say. It's also clear that a screen sharing app was used.

Revolut didn't intervene at all when Mr W made a payment of £80,000 to a cryptocurrency provider. But given that Mr W misled Revolut and other banks consistently and was being heavily coached, I don't think Mr W would have opened up about what was happening or that his loss could have been prevented. By this stage Mr W had been persuaded to take out five loans and to borrow £80,000 from his mother to try to recover his funds. He thought he was at the end of the process and was about to receive a significant sum of money.

I appreciate that Mr W has lost a huge amount of money and the devastating impact of this scam. But I can't fairly require Revolut to reimburse his loss.

My final decision

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 May 2026.

Jay Hadfield
Ombudsman