

The complaint

Mr M complains that Revolut hasn't refunded the money he lost when he invested in what he now believes to have been an investment scam.

Mr M has referred complaints about other financial firms which are under separate investigation. For the avoidance of doubt, my final decision solely concerns his complaint about Revolut.

What happened

Mr M holds an account with Revolut. In late 2019, he explains he had been given details of an investment in a group of property development companies (which I'll refer to collectively as 'Company P').

Mr M invested in Company P's first development project. He then appeared to receive the returns he had been expecting, including a return of his capital.

In June 2020, Mr M sought to reinvest his funds – into Company P's subsequent projects. He sent payments from his Revolut account in the sum of £132,000 on 25 June 2020, and in the sum of £20,000 on 2 July 2020.

After making these two payments, Mr M did receive some returns from Company P. But in late 2021, he learned that Company P had entered administration. The administrators have since issued reports indicating that unsecured creditors such as Mr M are unlikely to be repaid, and that they have serious concerns that Company P was operating fraudulently.

Mr M reported this as an Authorised Push Payment Scam ('APP scam') to Revolut on 18 December 2021.

Revolut didn't accept it was responsible for refunding Mr M. It noted that Mr M had authorised both payments he was now disputing, and it had followed his instructions in carrying out those payments. There had been no reason for Revolut not to do so. Revolut said that when Mr M had reported the matter, it had attempted to recover Mr M's funds but had not been able to do so.

Mr M didn't accept this outcome. He referred his complaint about Revolut to this service for an independent review.

Our Investigator looked into the matter. However, while she thought this had been an APP scam, she didn't think Revolut was required to reimburse Mr M. She said that Mr M's first payment instruction ought to have prompted Revolut to contact Mr M prior to processing it. But she thought that even had Revolut done so, this would not have prevented the payments from being made. She thought that in mid-2020 there would not have been sufficient information available about the potentially fraudulent nature of the investment to have led to the prevention of the payments Mr M had asked Revolut to make.

Mr M didn't accept the Investigator's findings. He said:

- Revolut should be held to the standard set out by the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code).
- An expert fraud investigator could have identified that the investment followed a common fraud trend, the promised returns were high, that Mr M paid different accounts for each payment and that how he'd come across the investment was common for fraud.
- Revolut provides scam warnings now - had it done at the time Mr M made his payment this would have made a difference.

The Investigator didn't think these points changed her findings. In light of this disagreement, the complaint has been referred to me to make 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time. Where the evidence is incomplete or missing, I am required to make my findings based on a balance of probabilities – in other words what I consider is most likely given the information available to me.

Mr M has lost a considerable sum here. But that loss is down to the alleged criminality on the part of those operating the investment scheme he sent his funds to. I do not have the power to conduct a criminal investigation into those individuals, I am limited to considering the role of Revolut and whether it was justified in telling Mr M that it was not responsible for refunding him.

In broad terms, the starting position 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.

I cannot fairly require Revolut to adhere to the terms of an entirely voluntary APP scam reimbursement scheme (the Lending Standards Board's Contingent Reimbursement Model Code) to which it was not a signatory.

That voluntary code has no application except to those firms which became signatories to it (and at no point did Revolut become a signatory firm). The online references to Revolut partnering with "CRM Salesforce" that Mr M highlighted to the Investigator appear to refer to a Customer Relationship Management software provider. While that shares the same acronym, it has no connection to the Contingent Reimbursement Model Code.

With that being said, taking into account longstanding regulatory expectations and requirements as well as what I consider to have been good industry practice at the time, I'd expect an EMI such as Revolut to have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances. Such a risk might for example be associated with unusual payments (in size or in certain other characteristics) for a given customer when compared against their

previous account usage.

Having reviewed the first of the two payments made by Mr M in mid-2020 in the context of his prior account history, I'm satisfied that this was sufficiently unusual and out of character that Revolut ought to have made proportionate enquiries prior to processing his payment instruction. It was a much larger than usual payment from Mr M's personal account, and to a payee he'd not previously paid.

Of course, a legitimate payment could equally have been for a larger than usual sum and to a new payee – these factors need not necessarily mean a payment will result in loss to fraud or scam.

To find Revolut responsible here, I would need to find not only that Revolut failed to intervene where it ought reasonably to have done so – but crucially I'd need to find that but for this failure the subsequent loss would have been avoided. That latter element concerns causation. If I find it more likely than not that such a proportionate intervention by Revolut wouldn't have revealed the disputed payments were part of a fraud or scam, then I couldn't fairly hold Revolut liable for not having prevented these from being made

Importantly, Revolut's primary obligation here was to carry out its customer's instructions without delay. Unless there were reasons for it to suspect fraud and warn its customer accordingly, that obligation predominated, and Revolut wasn't to concern itself with the wisdom or risks of the customer's payment decision (including the suitability of a proposed investment that its customer had already decided to invest in).

Put another way, Revolut didn't have specific obligations to step in when it received an instruction to make a payment to protect its customers from potentially risky investments. Mr M's investment in Company P wasn't an investment Revolut was recommending or even endorsing. Mr M had already decided on that investment.

What I need to determine then is what a proportionate intervention by Revolut – at the point Mr M instructed it to make his payment – could reasonably have been expected to uncover about the legitimacy of Company P and Mr M's investment in it. While Mr M now holds significant concerns about the operation of Company P and the legitimacy of the investment, and while those concerns are now shared by other investors, I cannot apply the benefit of hindsight to this finding.

If at the time, Revolut had asked Mr M what steps he'd taken to ensure the investment he was making was into a legitimate scheme, I see no reason to assume he'd have done other than to explain in response that he'd carried out his due diligence into the investment. Mr M describes himself as an experienced investor. He had carried out Companies House searches on the known directors and shareholders, had reviewed the professional looking Investment Memorandum documentation, had seen information in national media about Company P, and had spoken to senior individuals involved at Company P.

Perhaps even more significantly he would have been able to explain that this was not the first of Company P's schemes he'd invested into. By the time of making the first of the two disputed payments, he'd received the returns he'd expected from Company P in respect of his initial investments into an earlier development.

In all of these circumstances I think Mr M would have been unlikely to suspect anything was amiss in the later scheme, and neither would this have caused Revolut concern.

Revolut might have noted that the rate of return being offered by Company P was relatively high. That may often be a sign to prompt concerns about the legitimacy of what is being

offered. However, here I don't think it was so high as to be considered too good to be true – either by Mr M or by Revolut. The scam warning Mr M has provided as an example refers to investments that promise to double someone's money in a day, or to get rich quick with cryptocurrency. A guaranteed return of 100% in one day is clearly too good to be true, but that wasn't remotely close to what this scheme was intended to offer.

In basic terms, the rate of return on a loan or mini-bond will typically vary according to the perceived risks – in particular the default risk. Riskier investments typically need to offer a higher return to compensate an investor for bearing the risk that the investment might fail. In other words, a higher than usual rate of return would be expected for a legitimate but risky investment.

But that investment risk isn't at all the same thing as the risk of fraud or scam that I'd expect Revolut to have been alert for. To reiterate, it was not Revolut's role here to advise Mr M about the apparent level of investment risk or its suitability for his needs. I don't consider a rate of return such as that offered by Company P was such that it would necessarily show the underlying investment was fraudulent. It might more commonly reflect a high but legitimate investment risk.

It seems to me there was little else that would have prompted Revolut to have believed this was anything other than a potentially risky but legitimate investment at the time.

While the earlier development Mr M had invested in with Company P had required him to make his payment to a different beneficiary account than the account he was now paying, that in itself wouldn't necessarily have prompted doubts about Company P's legitimacy. This follow-on investment was to be used to fund a separate development project. That project was being operated by a distinct project funding company. Making payment to a different account might simply indicate that the funds for different development projects were being segregated.

In short, I simply don't think either Mr M or Revolut could reasonably have identified that Company P was likely fraudulent at the time of Mr M's payment instructions.

As a result, I don't find that any proportionate intervention by Revolut in respect of Mr M's payment instructions prior to these being made would have resulted in Mr M deciding not to proceed. Nor do I find Revolut was at fault in having carried out these payments in line with his instructions.

For the same reasons, even had Revolut provided a general investment scam warning at the time such as the one Mr M has highlighted, I don't consider this would have made any material difference to Mr M's decision to proceed. He had already carried out his due diligence and considered the investment was legitimate.

When Mr M later reported the payments, Revolut attempted to recover his funds from the beneficiary account, but none could be retrieved. It does not appear that Revolut could have done more at this point.

To summarise then, I cannot fairly require Revolut to reimburse Mr M. I find it could not have prevented the loss he has incurred. I appreciate this will be a significant disappointment to Mr M. He was not at fault here and was the innocent victim of a sophisticated scam. I have considerable sympathy for the impact he describes the loss of his funds having had on him and his family. I know he would like me to give him a different answer. But I don't find that his losses were due to a fault on Revolut's part, or that Revolut is otherwise required to refund Mr M.

My final decision

For the reasons given above, I do not uphold Mr M's complaint about Revolut Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 15 September 2025.

Stephen Dickie
Ombudsman