

The complaint

Ms N complains Revolut Ltd didn't do enough to protect her when she lost money to an investment scam, and subsequently a recovery scam.

In bringing this complaint Ms N is being represented by a claims management company, I'll refer to as "R".

What happened

Ms N said in January 2023 she came across an advert for an investment opportunity on a social media platform that appeared to carry a celebrity endorsement. Ms N enquired through the advert and was contacted soon after by someone purporting to be an investment broker.

Ms N said she was instructed to set up a Revolut account and to transfer funds from two existing bank accounts into the Revolut account. She was then guided, via remote access software she'd been advised to download, on how to set up a crypto wallet with a legitimate crypto exchange (which I'll refer to as "B"); how to purchase crypto; and how to transfer it to a wallet address provided by the broker. Ms N made the following payments to the crypto exchange from her Revolut account as part of the scam:

Transaction number	Date	Amount	Payment method
1	28 January 2023	£2,498	Card payment to B
2	29 January 2023	£2,500	Card payment to B

Ms N said she was asked to pay a further £8,000 to receive her investment returns, but she chose not to make any further payments. Ms N said she did not realise that she had been scammed at this time.

Ms N said in August 2023, she was contacted by someone purporting to be from a fraud agency who could support her to recover the funds from her initial investment. Unfortunately, this was also a scam. She said she was then encouraged to make the following payments to cover various fees to recover her earlier investment:

Transaction number	Date	Amount	Payment method
3	11 August 2023	£4,800	Card payment to B
4	14 August 2023	£4,000	Transfer to payee 1
5	14 August 2023	£1,000	Transfer to payee 2
6	14 August 2023	£5,000	Transfer to payee 3

7	15 August 2023	£4,638	Transfer to payee 4
8	16 August 2023	£5,000	Transfer to payee 5

Ms N said she realised it was a scam when she was asked for further fees to recover her initial investment. Ms N contacted Revolut for help recovering the £29,436 she had lost to both scams. Although Revolut initially advised Ms N to raise a chargeback, it later explained it was unable to recover her funds.

R complained to Revolut that it hadn't done enough to protect Ms N from financial loss due to the scam. It said Revolut ought to have recognised Ms N's payments were unusual and suspicious and should have provided her with a suitable scam warning that would have prevented the scam.

Revolut said it was not responsible for Ms N's loss. It noted while it had considered chargeback claims, it could not pursue these as they had no reasonable prospect of success. It noted that it had also highlighted to Ms N that her payments were high risk and warned her about scams, but she decided to proceed with the payments anyway.

Ms N remained unhappy and referred her complaint to the Financial Ombudsman. Our Investigator didn't uphold the complaint. While she considered Revolut ought to have done more to intervene before processing Ms N's payments, she was not persuaded proportionate intervention from Revolut would have prevented her loss. She noted that Ms N had provided inaccurate information to both Revolut and a third-party bank when she was asked questions about her payments. Our Investigator didn't think additional intervention from Revolut would have uncovered the scam or prevented Ms N's loss.

R disagreed. It considered both Revolut and the third-party bank had failed to ask sufficiently probing questions to Ms N. It suggested that had it done so the scam would have been uncovered and Ms N's loss would have been prevented.

The case was then passed to me to decide. I issued a provisional decision on 20 March 2025, in which I set out my reasons for partially upholding Ms N's complaint. For completeness, I repeat my provisional findings below:

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

I want to make it clear from the outset that there is no doubt that Ms N has been the victim of a cruel and sophisticated scam. I do not underestimate the impact this has had on her. While there are certain obligations on banks and EMIs (like Revolut) to protect consumers and prevent losses to scams in certain circumstances, these are not absolute. And so, there are unfortunately occasions where a consumer will lose out but have no recourse to a refund.

So, while I accept Ms N has lost a significant amount of money due to the deception of scammers, I must consider whether Revolut is responsible for the loss she's suffered. I know this won't be the outcome Ms N is hoping for, but for similar reasons to our Investigator, I don't think they are. So, I don't think Revolut has acted unfairly by not refunding the majority of the payments. Although for reasons I'll go on to explain, I think it ought to have returned one of her payments. I'll explain why.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Should Revolut have recognised Ms N was at risk of financial harm from fraud?

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 Service Regulations (in this case the 2017 regulations) (PSRs) 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 in January 2023 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 (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;*
- 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 including in relation to card payments);*
- 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 crypto accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

And by August 2023, I consider Revolut should also 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.

It is accepted that Ms N authorised each of the scam payments from her Revolut account. So, although she didn't intend the money to go to the scammers, under the PSRs 2017 and the terms and conditions of her account, Ms N is presumed liable for her loss in the first instance. And under the terms and conditions of the account, where a valid payment instruction has been received, Revolut's obligation is to follow the instructions Ms N provides.

But it is also evident that Revolut recognised Ms N was at a heightened risk of financial harm from fraud. On several occasions it intervened in the payments and presented Ms N with multi-choice questions that were designed to better understand her payment purpose. It also provided her with some scam warnings.

Given the value, destination and frequency of Ms N's later payments – particularly on 14 August 2023 - I think Revolut's intervention ought to have gone further than it did. Considering what it knew at the time, I think it would have been proportionate for Revolut to ask both open and probing questions to try to determine exactly what the payments were for. For example, by directing Ms N to its in-app chat to discuss the payments further.

But even if Revolut had taken additional steps, as I've outlined, I don't think any proportionate intervention by it would have prevented her loss. I'll explain why.

If Revolut had attempted to establish the circumstances surrounding the payments, would the scam have come to light and Ms N's loss been prevented?

It's impossible to know with any certainty how Ms N would have responded had Revolut intervened in the way I think it should have. I've therefore considered the overall circumstances of what happened - including what I know about Ms N's interactions with another bank – to reach a conclusion on what I think would most likely have happened had she been asked the relevant questions.

We have been provided with call recordings of two interactions Ms N had with her bank, from when she was seeking to transfer funds from her bank account into her Revolut account, before transferring it on to the scam.

In the first call in January 2023, Ms N was asked who she was paying and why. Ms N said she was paying a friend. When the adviser asked the reason for the payment, Ms N refused to provide further information saying it was personal. She also denied that she was paying herself, even when the adviser noted the name on the account she was transferring funds to matched her own.

In a second call from August 2023, Ms N was again asked for the reason for her payments. On this occasion she explained she was transferring funds to purchase designer bags, and that she was transferring the funds to Revolut so she could make use of a cashback offer. This was not true.

While I have not seen any evidence that Ms N was directly coached by the scammers on what to say – although I have also not ruled it out as a possibility as I'm aware a lot of Ms N's contact with the scammers was over the phone - it seems clear Ms N was prepared to provide false and misleading information to avoid further scrutiny and what she appeared to perceive as unwarranted interference from her bank.

Had Revolut intervened as I would have expected, it would have had more information about the ultimate payee than Ms N's bank, and so Ms N may not have been able to rely on the same narrative (i.e. purchasing designer handbags). But I'm unable to reasonably conclude that Ms N would more likely than not have answered Revolut's questions openly and honestly, particularly given the level of detail she was prepared to provide to her bank – who she had a longstanding relationship with - to support her false narrative.

While Revolut recognised there was a heightened risk of financial harm, it was to some extent reliant on the information Ms N provided to understand the actual risk she faced. As a result, even if Revolut had intervened in the way I would have expected it to, I'm not persuaded it would have led to the scam being uncovered. I think Ms N would most likely have provided Revolut with answers that would disguise the true purpose and intent of the payments.

But even if Revolut had provided Ms N with a more detailed scam warning, regardless of her answers, I'm not persuaded it would have dissuaded her from continuing to make the payments. I note that Ms N was warned by both her bank and Revolut about a number of scam risks, including some of the red flags that were present in the scam she was falling victim to. For example:

- When speaking with her bank in August 2023, Ms N was advised of the importance of being honest when answering its questions. She was also told that providing a misleading payment reason would impact her chances of getting her money back if it did turn out to be a scam. Despite this Ms N was dishonest about her payment reason.*
- Ms N's bank also warned her to be cautious about anyone she didn't know very well*

helping her with her money, or telling her what to do, as it would be a high risk that it was a scam. Despite this, Ms N was prepared to accept the guidance of the scammer on how to pay fees to recover her initial lost investment.

- *When Revolut intervened on payment 6 it warned Ms N that “scammers are using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams. They can pretend to be a financial institution [...] an exciting investment opportunity”. She was also told to confirm a statement which said “Revolut has warned me that this is likely a scam and are unlikely to recover my funds if I proceed with this transaction.” Despite telling the scammer earlier the same day that she was “feeling very anxious” and was unable to sleep, she confirmed the statement and went ahead with the payments anyway.*

While not as detailed as they could have been, I consider these warnings ought to have resonated with Ms N given what was happening, and yet I have seen nothing to show that Ms N took any notice of these warnings or took any further steps to check what she was doing was legitimate. As such, I’m not persuaded further warnings would have prevented her loss.

In the circumstances, I’m therefore unable to fairly conclude that proportionate intervention from Revolut would most likely have prevented Ms N’s loss.

Could Revolut have done more to recover Ms N’s losses

As Ms N’s initial losses originated from debit card payments, the only potential route to recovering the money she lost was via a chargeback. However, Ms N paid legitimate crypto exchange merchants and it isn’t in dispute here that the services were provided, just that the crypto was later transferred to and lost to the scammer. Due to this I don’t consider a chargeback claim would’ve succeeded, so Revolut wasn’t wrong to refuse to pursue this for Ms N.

As payments 4 to 8, were sent to other UK accounts, Revolut was expected to attempt to recover Ms N’s funds as soon as it was notified of the scam (21 August 2023). While Revolut did not act as quickly as I would have expected it to (it first attempted recovery in November 2023), it has been able to demonstrate that, even if it had acted more promptly it would not have been able to recover any of the funds related to transactions 4,6,7 and 8, as there were no funds remaining in those accounts at the time Ms N notified Revolut of the scam (21 August 2023).

But Revolut has demonstrated that it was able to recover £1,000 in relation to payment 5. Revolut has said that this sum could not be returned to Ms N, but to date, despite several requests for a clear explanation, it has been unable to explain why. In the absence of any evidence which provides a fair and reasonable explanation for why that money cannot be returned to Ms N, I’m satisfied that it can be. I therefore intend to direct Revolut to pay Ms N the £1,000 it has been able to recover from the beneficiary account. As it could have returned this sum to Ms N before now, I also intend adding 8% simple interest to the sum, from 21 August 2023 to the date of settlement.

In conclusion, I have a great deal of sympathy with Ms N being the victim of what was clearly a cruel scam. But it would only be fair for me to direct Revolut to refund her losses if I thought it was responsible for them – with the exception of £1,000, that Revolut was able to recover, I’m not persuaded it could have prevented any more of Ms N’s loss.”

R disagreed with my provisional decision. In summary it said:

- Proper intervention from Revolut would have made a critical difference in preventing the scam.
- Unlike Ms N's bank, Revolut had more information about the payment, specifically that the payments were going to crypto exchanges. So, it should have provided tailored warnings about crypto scams, particularly crypto investment scams and recovery scams.
- The warnings Ms N was given by both Revolut and her bank were fundamentally flawed and failed to bring the scam risks to life. Both Revolut and her bank failed to give Ms N meaningful guidance on how to protect herself.
- The failure to provide meaningful warnings amounts to a failure to avoid foreseeable harm. Revolut should have been on the lookout for crypto investment and recovery scams due to their prevalence, and so the common features of those scams should be considered during interventions.
- There is no evidence Ms N would have ignored a meaningful warning, or that it would not have resonated. In one of the interactions with her bank, Ms N had asked if they were enquiring about safe account scams, and she was genuinely interested in understanding scam risks.
- Ms N would have been receptive to a targeted and well-structured warning – it would have triggered hesitation which would have caused her to rethink the transaction.
- Revolut could have uncovered the scam through further questioning. There were contradictions and a lack of logic to Ms N's answers to her bank that ought to have been challenged.
- Ms N had not been meaningfully coached and so could not have carried any cover story beyond the basic premise.

Revolut has not responded to my provisional decision, despite being reminded of the deadline in a follow up email sent on 27 March 2025. Given the deadline for a response has now passed, and I have no reason to doubt Revolut has received my provisional decision or our follow up correspondence, I think it is fair that I can now 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 and having carefully considered R's response to my provisional decision, I am partially upholding the complaint for largely the same reasons as I set out in my provisional decision.

I see no reason to revisit my conclusions regarding when I think Revolut ought to have intervened; what proportionate intervention would have involved; or why I considered Revolut should refund the £1,000 it recovered from one of the beneficiary accounts, as I have received no challenge on these conclusions. Based on R's response the issue that remains in dispute is whether proportionate intervention from Revolut would, more likely than not, have prevented Ms N's losses. While I have carefully considered R's detailed challenge to my provisional decision, I am not persuaded it would have. I will explain why.

Before I go on, I should clarify, as I explained within my provisional decision, I'm not persuaded Revolut's actual intervention in Ms N's payment journey was proportionate to the scam risk it identified. So, I'm in agreement with R that Revolut ought to have done more to understand the reason for Ms N's payments and to identify the specific scam risks, and then

provide meaningful warnings in relation to the scam risk identified. I also agree that Revolut ought to have asked Ms N probing questions and should have been on the lookout for potential coaching. But I must also consider what Ms N's likely response to proportionate intervention would have been.

It is also important to note that while I am aware of the intervention from Ms N's bank, in considering this complaint I am only judging the actions/inactions of Revolut, and what impact, if any, this had on Ms N's loss. So, I will not be commenting on the quality of the bank's intervention. That said the call recordings do provide valuable insight into how Ms N is likely to have responded to further intervention from Revolut.

While I accept that Revolut ought to have recognised Ms N may have been at a heightened risk of financial harm from fraud in relation to her payments, I do not think it ought to have known the payments were in fact related to a scam. It's important to note that many payments that would have looked very similar to Ms N's would have been entirely legitimate. So, the most I would have expected Revolut to do was ask Ms N open probing questions about the payments and provided a warning which highlighted the most common features of a crypto scam. It would ultimately have been up to Ms N to decide whether to go ahead with the payments or not.

So, the key question for me to determine is whether Ms N would, more likely than not, have taken notice of Revolut's warnings to the extent that she would have decided not to proceed with her payments.

While R has said there is no evidence Ms N would have ignored warnings, I disagree. Having listened to the call recordings between Ms N and her bank, it is evident that Ms N did not engage meaningfully with what the advisers were telling her and did ignore warnings that I think should have resonated with her. While I accept not all the conversations were relevant to what Ms N was doing, some of it was. In particular, in the call in August 2023 Ms N was warned that scammers may ask customers to lie or mislead their bank, and she was advised of the importance of being honest when answering questions. Despite this, Ms N went on to lie about why she was making the payments.

As I set out in my provisional decision, it's unclear why Ms N gave the answers she did. There is no evidence of direct coaching from the scammers - although I have not ruled this out as a possibility. And Ms N has provided no explanation for why she answered the questions in the way she did.

Although R has said that Ms N had not been coached in a meaningful way, and so would have been unable to sustain a cover story under scrutiny, I disagree. When speaking with the bank in August 2023, Ms N was asked a number of follow up questions about her payment purpose and Ms N was able to provide detailed answers without hesitation – including the brand of designer handbag she intended to purchase and the percentage of cashback she would receive from her Revolut account.

While I accept Ms N would not likely have used the same cover story with Revolut, as it would have been apparent she was buying crypto, I'm unable to reasonably conclude she would more likely than not have answered Revolut's questions openly and honestly.

R suggested that a meaningful warning would have caused Ms N to hesitate and reconsider her transaction. But this is not supported by the evidence. Revolut warned Ms N that scammers were using sophisticated techniques in complex scams to convince customers to transfer funds, including offering an *"exciting investment opportunity"*. It then asked her to confirm the statement *"Revolut has warned me that this is likely a scam and are unlikely to recover my funds if I proceed with this transaction"*. Despite this stark warning that her funds

could be at risk, there is no evidence Ms N paused to consider the warning or her payments further, or ask any questions if she did not understand the scam risk, and instead she accepted the statement and proceeded without further hesitation.

Overall, while I accept it is impossible to know for certain how Ms N would have reacted to proportionate intervention from Revolut, I can't reasonably conclude it would more likely than not have prevented her loss. As such, I cannot reasonably hold Revolut responsible for Ms N's loss – with the exception of £1,000 which Revolut was able to recover.

My final decision

For the reasons given above, my final decision is that I partially uphold this complaint. I direct Revolut Ltd to pay Ms N £1,000, in respect of the funds it recovered, plus 8% simple interest calculated from 21 August 2023 to the date of settlement (less any tax properly deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or reject my decision before 7 May 2025.

Lisa De Noronha
Ombudsman