

The complaint

Mr R complains that Revolut Ltd won't refund him the money he lost in an investment scam.

Mr R is represented by a professional representative, but for ease of reading I'll refer to Mr R only.

What happened

The circumstances of this complaint are well-known to both parties, so I have summarised what I consider to be the key points.

Mr R was looking to make an investment in around November 2023 and saw an online advert. He made contact with the advertiser to obtain further information about the investment. He says he was told how the investment would work and that he could start by investing £250. Mr R says he found the caller very persuasive and professional.

Mr R decided to invest but he says that once he had made an initial payment, he decided not to go ahead with the investment.

Mr R says he was contacted by someone claiming to be from the fraud department of a cryptocurrency trading platform, in around late November 2023. They advised Mr R that he had been dealing with a fraudulent company, but his initial investment had made a profit of £3,000, which had been confiscated and was in the platform's possession. He was told they could return the money to him, but he was told he would need to pass certain checks by depositing some money, which would be returned to him. Mr R carried out research on the platform and discovered it was a genuine company. However, he didn't realise he had been contacted by a scammer pretending to work for that company.

He says he was told that his investment had grown to £5,000 and was pressured into trying to recover his money. He decided to proceed.

Mr R was told by the scammers to open an account with Revolut, which he did on 28 November 2023. He was also told he would need to transfer money from his Revolut account to the platform, in order to be able to "verify" his account. He obtained two loans from two separate banks in order to obtain the money he needed to verify his account and then proceeded to make the following payments:

Date	Time	Amount	Payment type	Destination
06/12/2023	18:53:24	£8,700	Faster payment	Payee 1
06/12/2023	20:22:53	£9,050	Faster payment	Payee 2

The first payment was to a personal account, the second to a business account.

Mr R realised he had been the victim of a scam after he had paid the money but didn't receive the expected return of his money and initial investment. He reported the scam to Revolut on 7 December 2023.

Mr R says Revolut ought to have questioned these unusual transactions, which were of high value and to new payees. He says he wasn't asked any questions about the investment company and how he had found the company. While Revolut did intervene and asked some questions, he says if Revolut had probed further, it would have become apparent that he was falling victim to a scam. He considers Revolut failed to provide effective warnings. Messages were in small text and the option to cancel the transactions was small and not inviting. He says there were inconsistencies in what he told Revolut, for example he had the option of choosing "paying for goods and services" but selected "something else". However, when he was communicating with Revolut through live chat, he told it he was paying for goods and services. Revolut should have picked up on that. He felt Revolut led him when it said to him that it didn't believe he was being guided by anyone else and then asked him to confirm if that was the case. He said Revolut's continuous, ineffective warning screens and live chat intervention didn't meet his needs. He felt Revolut didn't ask questions designed to disrupt any coached answers Mr R might have been given by the scammers.

Revolut says it intervened on the first transaction, with a general warning as a new payee had been set up. On the second transaction, it paused it and contacted Mr R to ask him questions. It says it asked about the payment purpose, and he told it he was making a payment for furniture for a dining room and kitchen which wasn't true. The copies of the messages exchanged with the scammers show that Mr R had been told how to respond to enquiries from banks and it seems Mr R followed the scammer's suggestions. He was asked if anyone was guiding him to make the transaction – he said no, but this wasn't true either. He was asked if he'd downloaded any software and he said no, but again, that wasn't true. It questioned whether he had been asked to ignore warnings and he confirmed he had not. It asked if he wanted to cancel the transaction while he double-checked that everything was correct.

Our investigator thought Revolut ought to have intervened more strongly on the first transaction as well as the second but didn't think it would ultimately have made a difference. She considered Mr R hadn't been accurate with the answers he gave to Revolut's questions when it intervened on the second transaction, and this had prevented Revolut from providing more specific risk warnings and from uncovering the scam. She considered this was likely to have been the case if Revolut had intervened on the first transaction too.

Mr R disagreed and so the complaint's been passed to me to decide.

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 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 in December 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;

- 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 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 cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Having considered everything, I'm not persuaded that Mr R's complaint should be upheld.

I agree with the investigator that Revolut ought to have intervened further than it did on the first payment. It was a substantial payment on a newly opened account, that drained the account of most of the money that had been deposited earlier that day. As such, the payment did have suspicious features and I consider they were sufficient that Revolut should have intervened further than it did. The warning Revolut sent, which was a new payee warning, didn't quite go far enough in my view and should have set out the broad risks associated with scams in general. But even if it had done so, I'm not persuaded it would have prevented Mr R from going ahead with the payment. I say this largely because of what happened later the same day when Revolut intervened on the second payment, as I shall go on to explain.

When Revolut intervened on the second transaction, it initially held the payment and asked Mr R the payment purpose, giving him a number of options to choose from, including "As part of an investment" and "Buy or rent goods or services". He selected "something else". Based on that answer, I consider it was reasonable for Revolut to have made contact through its in-app messaging, to probe further.

Revolut contacted Mr R through in-app messaging and asked clear and reasonable questions that attempted to ascertain whether Mr R was being scammed. It asked again about the payment purpose and Mr R told Revolut he was making a payment for furniture for a dining room and kitchen. This wasn't true and it made it harder for Revolut to determine what was really happening. While it's true Mr R could have selected "paying for goods and services" in the first place, I don't consider his answer ought to have prompted any particular concern on the part of Revolut – it was a specific and plausible answer.

I don't consider Revolut led Mr R when it said, during the live chat, that it didn't look like Mr R was being guided, rather it appears Revolut was summarising its overall view, based on what Mr R had told it. Revolut asked Mr R if he had been told to ignore warnings and he confirmed he had not. It asked if he wanted to cancel the transaction while he double-checked that everything was correct, but Mr R didn't want to. These questions were clear and specific, and Mr R could have chosen to answer accurately. So, I'm not persuaded the questions or the warnings were insufficient, in a format that was hard to understand or didn't meet Mr R's needs.

I think Revolut asked reasonable questions and if they had been answered accurately, I consider it likely Revolut would have uncovered the scam. But Mr R didn't answer Revolut's questions accurately, meaning it wasn't given a real chance to do so. Therefore, I'm not persuaded Revolut was at fault here.

Returning to the first payment, I don't consider further intervention, either the provision or a general warning or even questioning via in-app messaging would have prevented the fraud. Overall, I consider Mr R would most likely have answered any questions Revolut might have asked him in a similar way to the answers he provided in relation to the second payment.

From the excerpts of the messages between Mr R and the scammer, the scammer told Mr R to mislead his bank when applying for a loan as part of this scam by saying the loan was for home renovation. The scammer also told him not to mention cryptocurrency, which seems to have been the subject of the initial investment. It seems likely Mr R was also asked to mislead Revolut when answering its security questions because he gave similar answers, for example saying the payment was for new furniture.

The two payments were made a few hours apart, so I consider it likely any answers Mr R provided to Revolut would have been similar. Also, given the evidence shows that Mr R had received guidance from the scammers about how to answer enquiries from his bank, when applying for a loan, and Mr R had followed that guidance to mislead his bank, I consider it likely he would not have heeded any warnings and would have misled Revolut in much the same way if it had intervened further on the first transaction.

Mr R has been the victim of a cruel scam and has lost a considerable amount of money as a result and I'm sympathetic to his situation. But for the reasons given above, while I'm not persuaded Revolut did all it could have, in particular it could have intervened further on the first transaction, I'm not persuaded it could reasonably have prevented Mr R's losses if it had.

Recovery

Mr R appears to have reported the scam on the evening of 7 December 2023 and Revolut's internal notes suggest the recovery process was started promptly that same day. As this was a faster payment the recovery was attempted on a best endeavours basis. Revolut was able to recover £5,574.08, which appears to have been all that remained in the beneficiary account. This was returned to Mr R's Revolut account from the beneficiary account on 15 February 2024. Overall, I consider Revolut appears to have taken reasonable steps to recover Mr R's money.

My final decision

I don't uphold Mr R's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 June 2025.

Greg Barham
Ombudsman