

## **The complaint**

Mr E complains that Revolut Ltd won't refund money he lost when he fell victim to an investment scam.

Mr E is being represented by a claims management company in this complaint.

## **What happened**

Mr E says he fell victim to a scam in October 2022 after he sent two payments to an overseas account in connection with an investment opportunity with a company – I'll refer to it as "T" – that he came across on a popular social media platform. He says someone he knew kept posting about how well the fund was performing, winning trades on the exchange each day. Mr E was added to an instant messaging group with other investors, and he says two people helped him set things up including the Revolut account. He's explained that when T converted everyone's money into its own cryptocurrency, all communication stopped. Mr E says the cryptocurrency is now worthless.

Revolut refused to refund the disputed payments. It said its systems detected a new beneficiary and it put the first transfer on hold to make further enquiries. After asking Mr E to confirm the payment purpose, it provided a warning about the potential scam identified. But he chose to continue with it. Unhappy with this outcome, Mr E complained and later referred his complaint to our service.

Our investigator didn't uphold the complaint. They didn't consider either payment ought to have flagged as unusual or suspicious to Revolut. The investigator noted that Revolut did take additional steps at the time of the first payment and provided a scam warning based on the payment purpose Mr E chose ("goods and services"). They also noted that Mr E's payments didn't go directly to T, but even if Revolut had taken further steps and identified the ultimate beneficiary of Mr E's money there were no warnings published about it by the Financial Conduct Authority ("FCA") or by members of the International Organization of Securities Commissions ("IOSCO") on its alerts network.

Mr E disagreed and asked for an ombudsman's decision. In summary, his representative believes that the two large transactions of £5,000 from a newly opened account is highly unusual and Revolut ought to have had concerns and gone beyond the provision of an ineffective and irrelevant warning. The representative has also made substantial submissions in support of the view that T operated a scam which would have come to light had Revolut appropriately intervened.

## **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'd like to reassure the parties that although I've only summarised the background to this complaint, so not everything that has happened or been argued is set out above, I have read and considered everything that's been provided.

Mr E says he's been the victim of a scam and that Revolut ought to have intervened on the payments he made in 2022 which he's now disputing. I can see that T is incorporated in an overseas jurisdiction and it is regulated by that jurisdiction's regulator. I also note that T was named on investor alert lists by two overseas regulators prior to Mr E's payments. And in 2023, T's regulator took steps to address management issues and shareholder influence.

While regulatory requirements can vary from one jurisdiction to another, a scammer is highly unlikely to submit itself to any kind of regulatory oversight, given the real risk of its true purpose being discovered. T may not have been regulated to offer its services in the UK at the time of Mr E's payments (it previously held passporting rights), but that doesn't automatically mean that it was set up to defraud customers.

Mr E's representative strongly believes that T was operating a scam and has provided detailed submissions in support of this. While I appreciate the representative would like me to make a conclusive finding on this point, I don't think it's necessary to do that in this case. This is because even if I were to accept that Mr E was scammed, I'm not persuaded that Revolut could have prevented Mr E's payments. I'll explain why.

I've considered longstanding regulatory expectations and requirements, and what I consider to be good industry practice for firms when processing payments. In line with this, Revolut ought to have been on the look-out for the possibility of fraud and made additional checks in some circumstances.

Revolut is an Electronic Money Institution ("EMI"), which are set up with the purpose of sending and receiving money. The types of payments EMIs are generally used for tend to be somewhat different to banks and building societies. Often, they provide competitive exchange rates, and the payments will be for larger sums. Where there's no previous account history, as was the case here given Mr E opened his account a few days prior to the first disputed transaction, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved.

I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have taken additional steps when Mr E authorised the first disputed transaction of \$5,640 on 5 October 2022. He deposited Pounds Sterling into his Revolut account before exchanging it into US Dollars and sending it to an overseas account. This isn't unusual, given what I've said about the why customers tend to use EMIs.

It's worth noting that Revolut did take additional steps when Mr E authorised the first transaction and asked him to confirm the payment purpose. Mr E selected 'goods and services'. Given the limited information Revolut had about the destination account, I don't think it could reasonably have known that Mr E was falling victim to an investment scam. I understand that Mr E followed instructions in selecting the payment purpose, but it meant that Revolut was unable to identify the actual scam risk the transaction presented and provide an investment scam warning.

Mr E's representative argues that the steps Revolut took during the first transaction were ineffective. I appreciate the representative feels very strongly about this, but I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made. In the circumstances, I'm satisfied that the steps Revolut took were proportionate to the risk the transaction presented.

The next disputed transaction, for \$5,540 to the same payee, wasn't made until 14 October 2022. Revolut didn't intervene this time and, much for the same reasons as the earlier transaction, I don't think it needed to. Having considered when it was made, its value and who it was made to, I'm not persuaded that Revolut ought to have found it suspicious such that it ought to have made enquires of Mr E before processing the transaction.

Thinking next about recovery of payments, Mr E's representative have advised that the beneficiary Mr E paid provided a service (which is why he selected the 'goods and services' payment purpose). The service being the beneficiary crediting Mr E's money to his account with T. Given this, recovery is unlikely to have been successful as the beneficiary of Mr E's money will have provided the service of crediting his money to T. I would also add, if only for the sake of completeness, that the matter wasn't reported to Revolut until April 2024 – nearly 15 months after the disputed payments were made. And the beneficiary account provider is based overseas. Given these factors, there's no guarantee that Revolut would have received a response to a recall request. In the circumstances, I don't think it could or should have done anything once it was notified of the scam.

In summary, I know that Mr E will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for the loss he alleges.

### **My final decision**

For the reasons given, my final decision is that I don't uphold this complaint.

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

Gagandeep Singh  
**Ombudsman**