

## **The complaint**

Mr E complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In December 2023, Mr E saw an advert on social media for an investment opportunity, which was endorsed by a well-known celebrity. He completed an online form and was contacted by someone I'll refer to as "the scammer", who claimed to work for Company F. Mr E made an initial deposit of £250 before being advised by the scammer to install AnyDesk remote access software and to open an account with Revolut.

The scammer also advised Mr E to take out a £10,000 loan to upgrade the Revolut account. She explained he'd be borrowing the funds from F's partner company (Bank M) and that the funds would be repaid. On 25 January 2025 she guided him to transfer the loan funds from Bank T to Revolut, and then on to a scam account, and Mr E realised he'd been scammed when he contacted MBNA to check the loan had been repaid and learned the account was still active.

Mr E complained to Revolut, but it refused to refund the transaction. It successfully recovered £1244.78, but no other funds remained. It said Mr E was given sufficient scam warnings, explaining he'd been shown a new payee warning which he acknowledged before continuing with the transfer. The transfer was then put on hold and Mr E was shown a message stating it was riskier than most transactions. He was also asked about the purpose of the payment, whether someone was pressuring him, and if he'd been called unexpectedly.

Mr E wasn't satisfied and so he complained to this service, explaining that he'd been told what to say to Revolut by the scammer and he didn't know about or authorise the loan. Responding to the complaint, Revolut said the account was newly created, so there was no account history to compare the payment with. It said the transaction was identified as high risk and Mr E confirmed he trusted and knew the payee. He received strong warnings according to the purpose he provided (he initially said it was to buy or rent goods and services and he later said he was sending equipment to his family overseas).

It said Mr E had gone ahead with an investment he'd found on social media without doing any due diligence or seeking independent advice, and had he done proper checks he'd have seen cryptocurrency investments are high risk, F didn't have an online presence, it had a bad trust score, and wasn't registered with the Financial Conduct Authority ("FCA"). Further, Mr E ignored strong warnings and was untruthful when he said he wasn't being assisted and hadn't been advised to install remote access software, and this had prevented it from detecting the scam.

Revolut further commented that it's unusual for genuine businesses to encourage customers to take out loans to fund high-risk investments, and banks don't usually provide loans for volatile investment purposes, so it's plausible that the lender was misled about the purpose of the loan.

Our investigator didn't think the complaint should be upheld. He noted that Revolut did intervene and that when Mr E was asked to give a payment purpose, he'd said it was to 'buy or rent goods or service', before further explaining 'I am sending house equipment to my family [overseas]'. He also said he wasn't being guided.

Our investigator commented that, based on the answers Mr E gave and the fact there would have been no other indication that the payment was being made for an investment, the warning Revolut provided was relevant and appropriate and it was unable to provide a more tailored warning or uncover the scam because of the answers Mr E gave. So, he didn't think Revolut needed to refund the payment.

He was also satisfied that Revolut tried to recover the funds as soon as it was aware of the fraud, but they were removed from the receiving account before the scam was reported. Mr E has asked for the complaint to be reviewed by an Ombudsman. He has questioned why the scam companies can't be forced to refund his money and maintains he was tricked into sending the funds to the scam account.

### **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, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr E has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr E 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr E didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### ***Prevention***

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 January 2024 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;

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough when Mr E tried to make the payment.

The payment did flag as suspicious on Revolut's systems and so I've considered whether Revolut's actions were proportionate to the risk presented by the payment. There would have been no indication from the payee that Mr E was sending funds to an investment, but this was a large payment from a newly opened account into which he had deposited funds from another account in his own name the day before. In these circumstances, I think a proportionate response would have been for Revolut to ask Mr E questions to establish more about the purpose and circumstances of the payment before then providing a tailored written warning which was relevant to the circumstances.

I'm satisfied that this is what Revolut did. But as Mr E failed to disclose that he was sending the funds for investment purposes, and his answers to the other questions he was asked were also misleading, so Revolut didn't have enough information to detect the scam or to provide a more tailored warning. I've thought about whether Revolut should have asked more probing questions and I think the answers it asked were appropriate. But even if I concluded it should have asked more probing questions, I don't think this would have made any difference because Mr E accepts he was coached, and so I don't think this would have made any difference. Because of this, I don't think Revolut missed an opportunity to prevent the scam and so I can't fairly ask it to do anything further to resolve this complaint.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because I'm satisfied that Revolut contacted the beneficiary bank in a timely manner, but most of the funds had already been removed from the account. Mr E has asked why the scam companies can't be forced to refund his money but this isn't something we'd expect Revolut to do.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr E to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

Overall, I'm satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mr E has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

**My final decision**

For the reasons I've outlined above, 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 25 March 2025.

Carolyn Bonnell  
**Ombudsman**