

The complaint

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

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

What happened

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

Mr R says he was introduced to an investment by a close friend who ran an investment marketing company. He says he really trusted his friend and thought of him as a brother. He was told by his friend that his investment could achieve a return of 350% in 15 months and that the investment was safe. He says his friend made a video showing in detail how the investment was legitimate and Mr R decided to invest.

Mr R says he made payments to accounts with two trading platforms I will call T and V and to a third company I will call D. Money was moved on from these platforms to an investment, which Mr R says he cannot now access.

Mr R says he made the following payments as part of this scam:

Payment	Date	Amount	Payment type and destination
1	19/06/2023	£5,000	Bank transfer to T
2	19/06/2023	£5,000	Bank transfer to T
3	19/06/2023	£6,110	Bank transfer to T
4	13/07/2023	£20,000	Card payment to D
5	14/09/2023	£990	Card payment to V
6	20/09/2023	£17,000	Card payment to V
7	29/09/2023	£1,000	Card payment to V
8	17/02/2024	£50	Card payment to V
9	28/02/2024	£100	Card payment to V
10	24/06/2024	£100	Card payment to V

In addition, Mr R received card refunds from D on 25 July, 12 August, 1 and 19 September 2023, amounting to £20,000 in total.

Mr R considers he is entitled to a refund under the Contingent Reimbursement Model (CRM Code). He says that warnings he received from Revolut were not effective and he thinks it's clear he was conned.

Revolut says it was first notified about the fraud when it received a complaint on 22 July 2024. It says it made a chargeback claim on 24 July 2024, but the chargeback claim was rejected.

Revolut didn't uphold Mr R's complaint. It says the payments were authorised and it issued targeted warnings in relation to several transactions and asked Mr R questions about the payments. Mr R's responses to Revolut's questions were not accurate. It thought Mr R was under the spell of the scammer and it's unlikely he would have responded to any further warnings Revolut might have sent him.

Revolut says the account was opened in October 2018 and the account opening purpose was given as cryptocurrency.

Our investigator didn't think the complaint should be upheld. She said the three payments on 19 June 2023 were rightly paused by Revolut because they were out of character for the account. She thought Revolut's intervention, warnings and questions were proportionate. She considered the card payment on 20 September 2023 ought to have triggered further intervention from Revolut, but she didn't think it would have made a difference because she considered it likely Mr R would have selected that he was paying for goods and services, as he had done previously.

In terms of recovery, she thought the money paid by transfer would have likely been paid out of the scammers' account quickly. The card payments had been made to legitimate merchants and so it would not have been possible to make successful chargebacks.

Mr R disagreed and therefore, the complaint has 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 June 2023 to June 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 – (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.

Revolut has not signed up to the CRM Code, which is a voluntary code and in any event the CRM Code does not apply to card payments, the majority of payments in this case being card payments.

While Mr R appears to have been the victim of a cruel scam, he isn't automatically entitled to a refund. I need to consider whether Revolut was at fault and whether Mr R's losses, or part of them were caused by something Revolut did wrong.

For each of the first three payments, Revolut says it paused the payments and sent risk warnings to Mr R, asking him various details about the payments and providing relevant warnings based on his answers.

Revolut has provided evidence that it sent Mr R a warning, for each of the three bank transfers, asking him what the purpose of each payment was. There were a number of options to choose from, including "Investment" and "cryptocurrency". Mr R answered that he was paying for goods and services on each occasion. Relevant risk warnings relating to purchase scams were provided to Mr R, such as advising him to research the seller of the goods or services he was paying for.

Based on my experience of similar cases, if Mr R had selected that he was making an investment, the warnings he would have received would have been more relevant to his particular situation. So while Mr R says the warnings he received were not effective, I don't consider that was due to an error on the part of Revolut because the warnings it provided were based on the information Mr R gave it about the payment purpose.

I agree with the investigator that the card payment on 20 September 2023 ought to have triggered intervention from Revolut. I also agree that, based on Mr R's responses to previous interventions from Revolut, it's likely he would have told Revolut that the payment was for goods and services, rather than investment. Because of this, I consider it unlikely the warnings Revolut would have sent Mr R would have been particularly relevant to investment scams and it's unlikely the fraud would have been uncovered at that stage.

While Mr R had previously made payments to D and had received card refunds from D, I consider that the payment of £20,000 on 13 July 2023 ought to have triggered intervention from Revolut too. It was far larger than any previous transaction on Mr R's account.

I consider a tailored written warning, such as the ones Revolut gave in relation to the first three transactions, would have been appropriate. However, even if Revolut had intervened, based on Mr R's answers to Revolut's previous questions about payment purpose, again I'm not persuaded Revolut would have sent warnings that were directly relevant to investment scams or that the scam would have been uncovered at this point.

I don't consider the other transactions ought to have caused Revolut particular concern, given that they were relatively low in value and infrequent.

In any event, it seems unlikely to me that Mr R would have been deterred from continuing with these investments even if he had given Revolut the correct payment purpose and even if it had been able to provide warnings that were more relevant to investment scams. I say this because Mr R describes his friend as being like his brother, that his friend had been to his house, had met his family and eaten with him. He says he really trusted his friend. In

those circumstances, it's difficult to see that warnings from Revolut would have persuaded Mr R he might be at risk of being scammed. Such warnings might have asked, for example, whether he had researched the investment, whether he had been asked to download any software and whether he had been promised returns that were too good to be true. Mr R certainly describes being told that he could earn very high returns and so a warning along those lines might have resonated with him. But on balance, given his description of the trust he placed in his friend, who was advising him on this investment, I'm not persuaded that any intervention from Revolut is likely to have prevented this scam.

Recovery

Revolut says it contacted the receiving bank, on 1 August 2024, about the three bank transfers, but no funds remained for recovery. Given that Mr R had notified Revolut about the scam by 24 July 2024 at the latest, I think Revolut ought to have contacted the receiving banks sooner. That said, as these transfers had taken place over a year earlier, I consider it highly unlikely any funds would have remained available for recovery, even if Revolut had contacted the receiving banks on the same day it was notified of the scam.

In terms of the card payments, Revolut says chargeback claims could not be pursued successfully as the card payments had been completed correctly, in the sense that Mr R's money had been correctly transferred to the accounts of the merchants intended. Revolut considered these chargebacks could not be brought under the relevant card scheme rules because these were money transfers and were considered complete once the money reached the intended recipient. On balance, I consider that there wasn't a reasonable prospect of a recovery here.

I appreciate that Mr R has been the victim of a scam and has lost a significant amount of money and I don't doubt the impact this has had on him. But overall, while I consider Revolut didn't do all it could have done, for the reasons given above, I'm not persuaded Revolut is responsible for or could have prevented, Mr R's loss.

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 10 July 2025.

Greg Barham
Ombudsman