

The complaint

Mrs K complains that Revolut Ltd won't refund money she lost when she was a victim of an investment scam.

Mrs K is represented by a firm I'll refer to as 'C'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In or around January 2024 Mrs K saw an advert on social media for an investment opportunity with a firm I'll refer to as 'S'. The advert was promoted by a well-known celebrity. After reviewing S's website, which Mrs K found incredibly professional, and looking at online reviews, she decided to invest with S. Unfortunately, we now know S to be a scam firm.

As part of the scam, Mrs K set up an online trading account with S. She was also directed to set up a wallet with a legitimate crypto provider and an account with Revolut. She then proceeded to make the following payments to S from her Revolut account via the crypto provider:

Date	Transaction type	Amount
7 February 2024	Fund transfer	£10,850
8 February 2024	Fund transfer	£10,650
11 February 2024	Fund transfer	£25,000
22 February 2024	Fund transfer	£25,000
23 February 2024	Fund transfer	£5,400
29 February 2024	Fund transfer	£19,000
5 March 2024	Fund transfer	£5,000
6 March 2024	Fund transfer	£25,000
6 March 2024	Fund transfer	£25,000
	Total	£150,900

Mrs K has explained that S guided her on how to use their portal, including how to transfer funds to it, by using remote desktop software. And that during the scam, to fund the

investment, she took out several loans.

When Mrs K was ready to withdraw her funds, S told her that there was a negative trade on Gold preventing her from doing so. This required her to deposit funds, which Mrs K did by sending the £5,000 payment. Following this, while the funds had been withdrawn from her trading account, they hadn't been received in her crypto wallet. S explained to Mrs K that this was due to various anti-money laundering regulations that required a pathway opening within the Blockchain. Under the belief she wouldn't otherwise receive her funds, Mrs K followed S's instructions and paid the withdrawal fee – that being £50,000 on 6 March 2024. But despite paying this the funds weren't received, and Mrs K was told there was another fee to pay. Mrs K was unable to pay this and, at this point, realised she'd been scammed.

Mrs K notified Revolut she'd been scammed on 3 April 2024. C then complained, on Mrs K's behalf, to Revolut on 22 April 2024 saying the payments were made as part of a scam. In short, they said:

- Mrs K opened her Revolut account and immediately funded it with several high-value credits. Following this, it was immediately transferred to a new payee. A new account processing high-value payments in quick succession should've alerted Revolut, prompting them to intervene, detect the scam and prevent it from escalating.
- Mrs K fell to a scam known to Revolut. And they are surprised Revolut failed to detect the known hallmarks of the scam as it unfolded. By failing to recognise the combination of red flags, they believe Revolut failed to identify that authorised push payment (APP) fraud was taking place and missed significant opportunities to intervene.
- The payee was a well-known crypto provider which should've also increased the overall fraud risk score within Revolut's fraud defence system.
- Revolut didn't provide a warning that was specific to this scam scenario. Had Mrs K received a relevant scam warning, context about how such scams work and advice on how to avoid falling victim to them, she wouldn't have proceeded.
- Revolut did speak with Mrs K during the scam, but this conversation was ineffective.
- Mrs K was coached by the scammer to lie, which is a common tactic, and they're surprised Revolut didn't consider this could be happening in this case. Probing questions weren't asked of Mrs K. Had this happened, the spell could've been broken.
- Revolut failed in their duty of care to protect Mrs K from the scam. To settle this complaint, Mrs K would accept a full reimbursement of her losses, 8% interest and £300 compensation.

Revolut didn't uphold the complaint. In short, they said:

- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary's account. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. Regrettably, on 11 April 2024, they determined they would be unable to recover the lost funds.
- They detected the [first] payment was being made to a new beneficiary and displayed

the following message:

“Do you know and trust this payee? If you’re unsure, don’t pay them, as we may not be able to help you get your money back”.

As Mrs K acknowledged this warning, she was free to continue with the transfer.

- They showed a message informing Mrs K that the transfer was riskier than most transactions. And they asked about the purpose of the payment, whether someone was pressurising her into making the payment or if she’d been called unexpectedly.
- After this, Mrs K was put in touch with their support team, where she confirmed she wanted to proceed with the payment.
- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through email and blogs – and provide updates on their fraud and scam hub.
- They weren’t at fault for processing the transfers that Mrs K authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from her account.
- They’re not liable for these transactions, they treated Mrs K fairly and they fulfilled their duty to protect her by providing sufficient warnings.

Mrs K’s complaint was referred to the Financial Ombudsman. Our Investigator didn’t however think Revolut had to do anything further. They explained Revolut did question Mrs K about the first two payments to identify if she was falling victim to a scam, but Mrs K didn’t answer the questions honestly – with the evidence showing she was being guided by S on how to respond. They also noted that, as part of their checks, Revolut asked for evidence of the account Mrs K was sending the funds to (to ensure it was in her name and control) and provided her with scam warnings. Because of this, they considered Revolut’s actions were proportionate to the risk associated with the payments. But unfortunately, due to Mrs K not disclosing the true circumstances of the payments, Revolut were prevented from being able to protect Mrs K (and prevent her loss).

Our Investigator thought Revolut should’ve carried out further checks before processing subsequent payments. But they didn’t think this would’ve made a difference – as Mrs K would’ve likely continued to seek guidance from S on how to respond and, as a result, withheld what was happening from Revolut. Furthermore, our Investigator didn’t think a phone call, rather than communicating via the in-app chat function, would’ve made a difference – as they thought Mrs K would’ve answered any questions in a similar manner.

Mrs K, and C, disagreed. In short, they said:

- Mrs K was vulnerable at the time of the scam – being manipulated and deceived by sophisticated fraudsters. Revolut should’ve identified signs of vulnerability due to the sums involved. And the fact Mrs K didn’t inform Revolut of her vulnerability doesn’t absolve them of their duty to identify and protect vulnerable consumers.
- Revolut has a duty to exercise reasonable skill and care – which includes identifying and acting upon red flags indicating potential fraud. Here, Revolut should’ve conducted more rigorous checks. The interventions on the first two payments weren’t sufficient.

- While Revolut isn't a signatory of the Contingent Reimbursement Model (CRM) code, the principles outlined in it reflect best practice standards.
- The educational stories and warnings provided by Revolut were evidently insufficient to prevent the scam. And the reliance on automated chat responses is inadequate for high-risk transactions. A more proactive approach, such as direct phone contact, might have revealed inconsistencies in Mrs K's story.
- Although Revolut questioned the initial transactions, this was only through their in-app chat function. And a further seven payments, totalling £129,400, weren't questioned at all. A phone call should've happened at the least.
- If Revolut are aware of the risks associated with crypto, why aren't they using more sophisticated means to verify transactions? Revolut should be doing more to prevent these scams from happening – and they didn't do enough to protect Mrs K.
- The Investigator's opinion that further intervention wouldn't have made a difference is founded on a very harsh assumption. Revolut's questioning through the in-app chat allowed time for S's coaching whereas a telephone call wouldn't have – and specialist trained agents would've picked up on hesitation/uncertainty.
- They disagree there were multiple warnings given – as they were only provided on the first two payments, not the rest.
- Having never banked with Revolut previously, nine transactions totalling over £150,00 across four weeks is a clear sign of vulnerability. A telephone call would've gone some way to assist Mrs K as the questions would've been more specific to her situation rather than predetermined.
- This situation isn't just unique to Mrs K, but many others are falling victim to similar scams. And S knew what to say to get around Revolut's systems – therefore, Revolut should do more to ensure the safety of their customers. And they should take more responsibility given they're at the end of the transaction chain.
- Mrs K has been left devastated by this scam – impacting her greatly both mentally and financially. Although S is responsible, Revolut didn't do enough to protect her.

Our Investigator considered these additional points, but their position didn't change. They noted that Revolut should've questioned subsequent payments, but given Mrs K was being coached on how to respond to Revolut's questions they remained of the view it wouldn't have made a difference. They also considered that Revolut did ask appropriate questions and provided appropriate warnings to Mrs K. Our Investigator didn't think Revolut ought to have identified Mrs K was vulnerable due to the payment activity, and they explained that Revolut is an app-based banking alternative, without branches, that predominantly communicates through their in-app chat function. But even if Revolut had called Mrs K, they considered Mrs K would've misinformed Revolut about the underlying circumstances of the payments.

Mrs K, and C, still disagreed with our Investigator. In short, they said:

- A more robust intervention could've potentially altered the outcome.
- The warnings provided by Revolut, while present, were evidently not effective enough.

- The payment activity on a newly opened account should've raised significant red flags – triggering more stringent checks and close monitoring.
- While Revolut's preferred communication method is their in-app chat function, this doesn't absolve them of their responsibility to ensure effective customer protection. And the reliance on this chat function for such significant transactions is inadequate.
- Given the sums involved, the actions taken by Revolut were not proportionate to the risk.
- They highlighted several points whereby Revolut's intervention could've been improved.
- The Investigator's point that further intervention wouldn't have made a difference is based entirely on speculation – which they strongly oppose – and the findings cannot be proven either way.
- Revolut didn't intervene when they should have and so, facts should prevail.
- The interventions Revolut did carry out were proportionate for the first two payments, but their actions (or inaction) for the next seven payments wasn't proportionate to that risk.
- If Revolut do, on occasions, use telephone calls for interventions then why wasn't it used in this case?
- Mrs K was groomed, and a phone call would've been vital to her understanding of the scam – and allowed Revolut to tailor their response to her reactions.
- The Investigator referred to a well-known review website having a review as early as 1 February 2024 saying S was a scam. But this isn't representative of most of the reviews.
- This outcome is based on speculation rather than what can be proven due to Revolut's failings.

The matter has therefore 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.

I'm sorry Mrs K has been the victim of a scam, and I don't underestimate the impact this has had on her. But while I'm sympathetic to Mrs K's circumstances, I must consider whether Revolut is responsible for the loss she has suffered. I know this won't be the outcome Mrs K is hoping for but, for similar reasons as our Investigator, I don't think they are. And so, I don't think Revolut has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mrs K that I've considered everything she, and C on her behalf, have submitted. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for the loss Mrs K has suffered.

I've thought about the CRM code which can offer a potential means of obtaining a refund following scams like this one. But as Revolut isn't a signatory of the CRM code, these payments aren't covered under it. I've therefore considered whether Revolut should reimburse Mrs K under any of their other obligations.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Mrs K knowingly made the payments from her account – albeit under the direction of S – and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Revolut are expected to process Mrs K's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, as part of the transfer process for the payments, Revolut did carry out additional checks before processing the first two payments. The first payment had the new beneficiary warning (see above) before Revolut undertook a fraud risk assessment that included:

- Revolut warned:

“Something doesn't look right

Your transaction has been flagged by our system as a potential scam.”

- Mrs K then confirmed:
 - She understood that, if she was being scammed, the fraudster may ask her to hide the real reason for this payment.
 - She wasn't being assisted through the questionnaire (so, someone wasn't telling her which options to choose or telling her it was urgent).

To which Revolut explained that *“if someone is telling you to ignore these warnings, they're a scammer. Only continue if you're sure that you are not being prompted into making a payment.”*

- She was making the payment *“as part of an investment...gains from cryptocurrency”*.
- She hadn't been asked to install any software – with reference given to the specific remote-desktop software that Mrs K had used.

Revolut highlighted that scammers may ask for software to be installed to view a screen, spy on personal details and help set up an investment account.

- She'd discovered the opportunity through a friend or family member.

Revolut highlighted that scammers might use social media to entice victims by advertising fake investments. Well known celebrities or influencers may promote it to look legitimate.

- She'd invested in crypto before.

Revolut highlighted that inexperienced investors are more likely to be scam targets.

- She'd researched the company.
- The transfer of funds was to an account in her control.

Revolut highlighted that customers can move funds to an account they don't control and lose their money.

- Revolut then provided the following tailored educational warnings:

- *"This could be crypto scam*

STOP. Crypto scams promise high returns in short periods of time, and might even have professional-looking online platforms

- *Beware of social media promotions*

Fraudsters use social media to promote fake investment opportunities. Read online reviews to make sure it's legitimate

- *Don't give anyone remote access*

Scammers may ask you to install software to view your screen. Uninstall software that gives someone else control

- *Do your crypto research*

Most crypto exchanges aren't regulated. Search for mentions of scams in online reviews

- *Don't be rushed*

Take your time and speak with family and friends before making large investments. Say no if you're being pressurised to invest"

Having carefully considered the above, I'm satisfied that these pre-determined questions, which took into consideration the payment purpose Mrs K provided, were a proportionate method to assessing the potential risk of financial harm at this point. I consider the questions and warnings provided to Mrs K to be appropriately tailored and relevant to her situation. For example, they highlight some of the key features of crypto investment scams such as the use of social media and well-known celebrities to promote fake investment opportunities, the use of remote desktop software, being told to ignore warnings and someone telling Mrs K which options to choose in Revolut's questionnaire. But despite this, Mrs K proceeded to make the payment and didn't answer Revolut's questions accurately or honestly.

Nevertheless, Revolut then referred Mrs K to their in-app chat function to carry out further checks. As part of this, the following was asked by Revolut (Mrs K's response in italics):

- Could you confirm that you aren't being guided to make this transaction in any way?

No I'm not being guided – I'm doing it myself

- Make sure any research you do is your own – fraudsters create convincing-looking posts on social media, or share articles about investing. If someone says you need to send money as a tax or fee to access your funds, you are being scammed. Are you

comfortable with proceeding with this transaction?

Yes please

- Can you tell us why you opened your Revolut account?

I was recommended by a good friend of mine who has been using Revolut for a couple of years. I'd like to use Revolut for easy online banking - Compared to other banks I find it really intuitive and quick and easy to speak to support staff to resolve issues etc.

- Where do you plan to send the funds from the investment platform?

I'm not sending this anywhere. I'm using the [crypto provider] as my ledger to store the bitcoin as a value asset

Revolut again asked, in my opinion, relevant questions specific to the risk of crypto investment scams – particularly as they were trying to establish if a third party was involved or if Mrs K was sending the crypto to another platform (which are known fraud risks). Unfortunately, due to Mrs K being coached by the scammer, she didn't answer these questions accurately or honestly. And I consider that her responses to Revolut's questions were articulate and persuasive – with no sign of uncertainty or lack of knowledge in the reason for opening the account or how she was going to purchase and store crypto. Because of this, Revolut would've understandably been reassured by Mrs K's answers and, as a result, wouldn't have had sufficient reason to suspect she might be falling victim to a scam.

Revolut contacted Mrs K about the second payment too. In this chat conversation, they asked (Mrs K's response in italics):

- Is anyone telling you what to say on this chat?

...No no one at all is telling me what to say

- Can you please tell us why you opened your Revolut account and what is the purpose of your most recent payments? transaction 1 transaction 2

Sorry for the delay just had a work call So I opened Revolut as my friend said it was great for flexibility and you often give cash back offers on transactions. Both transactions were to buy crypto in [crypto provider] for personal use

- Could you let me know if you have been asked to install remote access software like [A]?

No I haven't been asked to install anything

- Could you please help answer these questions? 1- Have you been able to withdraw funds that you have deposited? 2- How long have you been investing in Crypto?

Thank you I will I've been investing in Crypto for quite a while with [crypto provider] but now I'm trying [crypto provider] and yes with both platforms I've did a withdraw before

Revolut also provided the following advice too:

"Make sure any research you do is your own – fraudsters create convincing-looking

posts on social media, or share articles about investing

...

Scammers often use tactics to trick you into buying cryptocurrencies from fake websites and investment platforms.”

They also asked Mrs K to verify the funds were being sent to an account she could access, by providing a pdf file or screenshot from the platform where her name/account details were visible – which Mrs K supplied. Following this, Mrs K also confirmed:

“Revolut has warned me in app chat that this is likely a scam. I confirm that I am not being assisted with my transactions and understand that Revolut is unlikely to recover my funds if I proceed”

Like Revolut’s interaction in respect of the first payment, I consider these additional checks specific to the risk of crypto investment scams. Again, Revolut were trying to establish any third-party involvement, whether any remote desktop software had been used and Mrs K’s crypto experience. I think it was reasonable for Revolut to rely on the answers Mrs K provided. And considering her responses, I similarly consider it was reasonable for Revolut to be reassured that Mrs K wasn’t at risk of financial harm from fraud. Because of this, I think the steps Revolut took to protect Mrs K from financial harm in respect of the first two payments was proportionate to the identifiable risk at that time.

I do however think Revolut ought to have carried out additional checks before processing some of the later payments too. While the crypto provider had become an established payee, some of the transactions increased significantly in value – such as the £25,000 payments on 11 and 22 February 2024. So, there was justification for Revolut to suspect Mrs K could remain at risk of financial harm from fraud. But while Revolut might not have taken the steps I would’ve expected, this doesn’t, of itself, warrant a finding that they could’ve prevented Mrs K’s loss.

For me to find it fair and reasonable that Revolut should refund Mrs K requires more than a finding that Revolut ought to have intervened. I would need to find not only that Revolut failed to intervene where they ought reasonably to have done so — but crucially I’d need to find that but for this failure the subsequent loss would’ve been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And contrary to Mrs K’s belief, if I find it more likely than not that such a proportionate intervention by Revolut wouldn’t have revealed the payment was part of a fraud or scam, then I couldn’t fairly hold them liable for not having prevented it from being made.

In thinking about this, I’ve considered what a proportionate intervention by Revolut at the relevant time would’ve constituted, and then what I think the result of such an intervention would most likely have been. At which point, I’ve noted Mrs K and C’s concerns around the limitations of Revolut’s in-app chat function. And that they consider it would’ve been more appropriate for a telephone call – as it would’ve allowed Revolut to ask more tailored and specific questions, as well as identifying signs of hesitation/uncertainty. While I accept the benefits of a telephone conversation as part of payment service provider’s (PSP) fraud detection/prevention systems, I cannot reasonably conclude that the absence of a telephone conversation was the cause of loss here. And, with Revolut being a PSP that provides an alternative service to traditional high-street banks, they’ve chosen to primarily communicate through their in-app chat function. Nor do I think this method of communication prevents Revolut from undertaking effective fraud/scam checks before processing a payment. I’d also

note that, based on their prior conversations, I don't think the responses Mrs K gave would've given Revolut enough reason to consider a telephone call was necessary – as she was engaging positively with Revolut's questioning and provided clear responses. So, in Mrs K's case, I think it would've been reasonable for Revolut to have contacted her via their in-app chat function to carry out additional checks before processing some of the subsequent payments.

Having carefully considered this, even if Revolut had done so, I don't think it would've made a difference. Based on Mrs K's prior interaction with Revolut, and as she was seeking the guidance of S on how to respond to Revolut's questions, it seems most likely that she would've followed S's instructions and withheld the true circumstances of why she was making the payments. This is, for example, evidenced by S telling Mrs K, when she was asked by Revolut for evidence of the account she was sending funds to being in her name and control, to *"not send the second screenshot where it is visible that you send money out of your account"*. And, on another occasion, S directed Mrs K to tell Revolut that she was buying crypto *"for personal use"*. Mrs K followed S's instructions, and I see no reason, on balance, to conclude that she wouldn't have done so again at a later point in the scam.

I understand Mrs K feels this is speculative and cannot be proven. But, as I've said, for me to find it fair and reasonable that Revolut should refund Mrs K requires me to be satisfied that their failure to intervene was the cause of such loss. I naturally cannot be certain what would've happened, and so, I must consider what I think is most likely to have happened based on all the evidence – and the surrounding circumstances – available to me. Here, on balance and for the above reasons, I don't think Mrs K would've answered any further questioning from Revolut differently. Nor do I think any further warnings provided, that were relevantly tailored to her specific situation, would've been heeded by Mrs K. Unfortunately, Mrs K was very much under the spell of S and believed it to be a legitimate firm and investment opportunity. So, while I'm sympathetic to the manipulation and control S had over Mrs K, I'm not persuaded that Revolut – by way of a proportionate intervention – could've reasonably uncovered the scam or prevented Mrs K's loss. Sadly, Mrs K was heavily under the influence of S and to the degree whereby she was willing to mislead Revolut and ignore warnings that were relevant to her specific situation. Because of this, I can't fairly and reasonably conclude that Revolut is responsible for Mrs K's loss.

I'm aware that it's been argued that Revolut should've identified Mrs K as being vulnerable to being at greater risk of falling victim to a scam. Revolut should be on lookout for customer vulnerabilities so that they provide effective protection against scams like this. But while I consider Revolut should've identified Mrs K as being at potential risk of financial harm, I'm not persuaded that they had sufficient reason to consider there was an underlying vulnerability. Firstly, Mrs K hadn't told them of any vulnerability. Nor do I consider the payment activity alone would've given Revolut such knowledge – as it could similarly have been for legitimate crypto purposes. And from the answers Mrs K provided to Revolut's questions, I think Revolut would've been reassured by the confident responses received.

On a final note, I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Mrs K's losses, but I don't think they could. This is because the funds were sent to a crypto wallet in Mrs K's own name before being forwarded on to S. So, no funds would've remained. But even if they did, they would've remained in Mrs K's control and she could've accessed them herself.

I have a great deal of sympathy for Mrs K and the loss she's suffered. I appreciate she is the innocent victim of a scam, and she has lost a significant sum of money. But it would only be fair for me to direct Revolut to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut have acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 10 July 2025.

Daniel O'Dell
Ombudsman