

The complaint

Miss W is being represented by solicitors. She's complaining about Revolut Ltd because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Miss W fell victim to a cruel investment scam. After responding to an online advert that appeared to be endorsed by well-known celebrities, she was contacted by the scammer who introduced her to a fake investment trading platform. Following ongoing discussions, Miss W agreed to an initial investment and downloaded screen-sharing software to enable the scammer to help her set up what she believed was a legitimate online trading account with a portal that appeared to show trades and profits being made on her behalf. The scammer stayed in regular contact with Miss W and persuaded her to make further payments to the scheme, all of which required her to purchase cryptocurrency that was then transferred to the scammer.

In July and August 2022, Miss W made the following transfers to purchase cryptocurrency that was then transferred and lost to the scam:

No.	Date	Amount £
1	17 Aug	1,000
2	24 Aug	3,500
3	29 Aug	2,000
4	13 Sep	7,500

Our investigator recommended the complaint be upheld. While he felt Revolut was entitled to make the first three payments in line with Miss W's instructions, he thought it should have intervened before making the fourth payment and that this would have stopped the scam at that point.

Miss W accepted the investigator's assessment. Revolut didn't and has made the following key points in defence of this complaint:

- Miss W transferred money to accounts in her own name and the scam didn't occur on Revolut's platform.
- These payments weren't unusual for this type of account.
- Miss W failed to carry out sufficient due diligence before investing and was negligent in ignoring in-app warnings.
- We should also consider any possible interventions by the banks from which Miss W transferred money to Revolut before it was then used to purchase cryptocurrency.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts.

In this case, there's no dispute that Miss W authorised the above payments. 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 by 2022 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;
- 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;
- 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.

Taking these points into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss W.

Should Revolut have recognised that Miss W was at risk of financial harm from fraud?

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and sometimes the purchase of cryptocurrency and I must take into account that many similar payment instructions it receives will be entirely legitimate. As this was a newly-opened account, I'm also conscious there was no history of past activity against which these payments might have been viewed as suspicious.

Having considered what Revolut knew about payments 1 to 3 at the time it received Miss W's instructions, I'm not persuaded it ought to have been particularly concerned about them. The amounts involved were comparatively low and I don't think a pattern of payments consistent with many common types of fraud had begun to emerge by this point. So, on

balance, I can't reasonably say Revolut was at fault for processing these payments in line with Miss W's instructions.

But by the time of payment 4, I think the information Revolut had already obtained in connection with payment 1 (which I'll come onto) and the fact the payee processed complaints for cryptocurrency providers meant Revolut should have known the payment was likely to be for investment. The payment of £7,500 was a significant increase on what had gone before and meant Miss W had invested £14,000 in less than a month. I think this is the point when Revolut should have identified Miss W may be at risk of harm from fraud.

What did Revolut do to warn Miss W?

Revolut has told us it identified there was a scam risk in connection with payment 1 and carried out an intervention before this was processed. According to its records, it initially asked Miss W to confirm in the app that she knew and trusted the payee and then showed her a generic warning saying the payment may be part of scam. When she selected that she wished to continue, Revolut says it then asked her to confirm the purpose of the payment from a list of options.

Revolut says Miss W selected the payment was for an investment and that she was then asked a series of questions, including whether she'd been asked to ignore warnings, been promised unrealistic returns, pressured to act quickly, or was being advised by someone she'd only met online recently. Miss W appears to have answered 'no' to these questions.

Revolut says Miss W was then referred to its in-app chat with an agent. After reading it transcript provided, there's nothing to show any further warnings about scams or the specific type of scam taking place here were given by Revolut's agents during this chat.

Once the first payment was made, Revolut says the payee was established and payments 2, 3 and 4 weren't identified as high-risk, meaning no further intervention was attempted.

What kind of warning should Revolut have provided?

By the time of payment 4, and based on what Miss W had told it in connection with payment 1 and what it knew about the payee, I think Revolut should have been aware the money was likely going to an investment of some sort. Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut to have asked Miss W to confirm the purpose.

When asked about payment 1, Miss W had said she was investing and I've seen no evidence to indicate she wouldn't have answered the same way again. In the circumstances, I'd then have expected Revolut to provide an appropriate tailored warning setting out some common features of many types of investment scam. For example, that they often start when victims reply to online adverts (sometimes with fake celebrity endorsements) promising unrealistic returns, victim are often guided through the process by someone they've never met, asked to download screen-sharing software, and required to purchase cryptocurrency and transfer it to a wallet they don't control. Also that scammers often set up fake websites and trading platforms that appear to show trades and profits being made for the victim, sometimes allow victims to make small initial withdrawals at the start and tell them how to answer any questions they may be asked about the circumstances of the payments they're making.

If Revolut had provided a warning of the type described, would that have prevented the losses Miss W suffered from payment 4?

Miss W's representative has said she was coached by the scammer in how to answer Revolut's questions. While she correctly said she was investing when asked about payment 1, the rest of her answers weren't necessarily accurate and it appears she followed the scammer's advice. But I don't think it necessarily follows that this means an appropriate tailored warning before processing payment 4 wouldn't have been successful in stopping the scam.

First, I'm conscious that Revolut doesn't appear to have provided a tailored warning about investment scams at the time of payment 1, meaning Miss W wouldn't have seen this information before. Further, the transcript provided of her online chats with the scammer shows that by September 2022 Miss W was being told her account was making losses and suggests to me that she was beginning to have doubts about what was going on. So I think she was actually more likely to be receptive to a warning about scams than she would have been at an earlier stage.

If Miss W had been provided with a warning setting out common features of many investment scams like those I've outlined above, I think it's likely she'd have recognised many of these applied to her situation and that the warning would therefore have resonated with her. On balance, I think the most likely outcome is that her eyes would have been opened to the scam and she'd have decided not to go ahead with payment 4, meaning that loss would have been prevented.

What about the actions of Miss W's banks?

This was a multi-stage scam that saw Miss W move money from two banks to Revolut and then eventually onto the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the banks should have identified she was at risk of harm from fraud and whether they reacted proportionately. But to obtain a full picture of what took place, we have contacted the banks to establish if they attempted any kind of intervention before transferring her money to Revolut and, if so, how this affects my assessment of whether or not she acted reasonably in the circumstances.

One bank has told us it didn't provide any warnings in connection with these payments. The other has said it did show Miss W a warning about safe account scams because she was transferring money to another account in her own name. But it didn't show any warnings that related to investment scams. I also understand that Miss W hasn't complained to either bank about their role in what took place.

On balance, I don't think there was any intervention by either bank that should particularly have alerted Miss W to the fact she was speaking to a scammer or that changes my views on how Revolut should have dealt with this situation or whether she acted reasonably in the circumstances with which she was faced.

Is it fair and reasonable for Revolut to be held responsible for some of Miss W's loss?

In reaching my decision about what's fair and reasonable, I have taken into account that Miss W paid money using her Revolut account to another account in her own name, rather than directly to the scammer, so she remained in control of the money after she made the payments, and there were further steps before the money was lost to the scammer.

However, for the reasons I've set out above, I'm satisfied it would be fair to hold Revolut responsible for Miss W's loss from payment 4, subject to a deduction for her own contribution towards this. The potential for multi-stage scams ought to have been well known to Revolut. And as a matter of good practice, I consider it fair and reasonable that it should

have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

I have also taken into account that other businesses were involved in the overall process that ended up with payments being made to the scammer, and that Miss W might potentially have a claim against them in respect of their actions (although those businesses are not a party to this complaint and so I make no finding about their role here).

Whilst the dispute resolution rules (DISP) give me the power (but do not compel me) to require a financial business to pay a proportion of an award in circumstances where a consumer has made complaints against more than one financial business about connected circumstances, Miss W has not referred a complaint about any other business to me and DISP does not empower me to instruct her to make or refer a complaint to me about another business.

Should Miss W bear any responsibility for her losses?

In answering this point, I've considered what's fair and reasonable in the circumstances of this complaint.

I've considered the evidence carefully and, while I accept Miss W believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one throughout the course of the scam.

Based on the information she had at the outset, I think Miss W was reasonably entitled to believe she was making a genuine investment. But I'm conscious that by the time of payment 4, the text chat provided shows she was being told the account was making losses and suggests she was beginning to have concerns about this. The chat also shows that she'd initially been told she'd made extremely high returns and I think she should reasonably have questioned whether this was too good to be true. In the circumstances, I think Miss W ought to have proceeded only with great caution. If she'd carried out any further research, for example online searches, I think she'd have quickly discovered her circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Miss W's losses once it was aware the payments were the result of fraud.

Revolut has said it did contact the recipient of the payments in an attempt to recover the money but this was no longer available. I understand Miss W first notified Revolut of the fraud in March 2024, several months after the last payment. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

I'm also conscious that Miss W transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from Miss W's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to her to access.

Taking everything into account, I don't think anything that Revolut could have done differently would likely to have led to these payments being recovered successfully after this period of time.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Miss W and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 3 in line with Miss W's instructions, if it had carried out an appropriate intervention before payment 4 debited her account, I'm satisfied that would have been prevented.

Putting things right

The principal aim of any award I make must be to return Miss W to the position she'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility she should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Miss W would have retained the money that was lost from payment 4. As outlined above, I've applied a 50% deduction to the amount to be refunded in recognition of her own contribution towards the loss.

To put things right, Revolut should pay Miss W compensation of A + B, where:

- A = a refund of 50% of payment 4 outlined above; and
- B = simple interest on A at 8% per year from the date of payment 4 to the date compensation is paid.

Interest is intended to compensate Miss W for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Miss W with a certificate showing how much tax has been deducted if she asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I partly uphold this complaint. Subject to Miss W's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss W to accept or reject my decision before 24 June 2025.

James Biles
Ombudsman