

## The complaint

Mr H is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr H fell victim to a cruel investment scam after responding to an advert on social media that appeared to be endorsed by a well-known celebrity. He was then contacted by the scammers who advised him to set up accounts with Revolut and cryptocurrency exchanges. He was also set up with an account on a fake trading platform that appeared to show trades being completed and profits generated on his behalf.

Between July and October 2022, Mr H used his newly-opened Revolut account to fund the following card payments to cryptocurrency exchanges from where the cryptocurrency purchased was transferred to the scammers. Aside from a return of £16.72 on 2 August, I understand the rest of this money was lost to the scam:

No.	Date	Amount £
1	25 Jul	1,000
2	31 Jul	1,000
3	2 Aug	2,000
4	3 Aug	2,000
5	3 Aug	10
6	4 Aug	1,992
7	5 Aug	2,001
8	11 Aug	2,001
9	12 Aug	2,000
10	13 Aug	1,001
11	28 Aug	2,001
12	30 Aug	8,001
13	15 Sep	10,000
14	16 Sep	10,000
15	20 Oct	1
16	20 Oct	5
17	22 Oct	1,001
18	22 Oct	2,501
19	22 Oct	1,000
20	22 Oct	500
21	22 Oct	6,500
22	23 Oct	1,001
23	23 Oct	6,500

Mr H also made the following payments to a cryptocurrency exchange that account statements show were returned to his Revolut account immediately afterwards and did not therefore contribute to his losses:

Date	Amount £
21 Oct	10,001
22 Oct	1,000
22 Oct	1,001
22 Oct	2,501
22 Oct	1,001

The payments were funded by money transferred to Revolut from Mr H's account with another bank. Some of those transfers were funded by a personal loan for £20,000 taken by Mr H on 15 September 2022.

Our investigator recommended the complaint be partly upheld. She felt Revolut should have intervened to question the payments being made before payment 12 was allowed to leave Mr H's account and that if it had the scam would have been stopped at that point. She recommended compensation based on a refund of payments 12 to 23 with a deduction to account for Mr H's own contribution towards his losses.

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

- The payments were authorised and it had a responsibility to process them without undue delay.
- These payments weren't unusual for this type of account.
- The payments went to an account in Mr H's own name, meaning the fraud didn't occur on its platform.
- It had a responsibility to act on the legitimate payment instructions it received and doesn't owe a duty to its customers to protect them from fraud and scams.
- Mr H transferred the money for these payments to Revolut from an external account. We should consider any possible fraud interventions by the bank at the time.
- Mr H was negligent in making the payments without carrying out appropriate due diligence.
- The record of Mr H's chats with the scammers show he was under their influence and it believes he would have sought advice on how to bypass any intervention that might have been attempted.
- The scammers' advice to take a loan should have led Mr H to question whether this was normal practice for legitimate businesses. Further, an inquiry into the loan process is relevant, particularly what Mr H told the lender about its purpose. Loans aren't normally advanced for high-risk investments and it seems likely Mr H misled the lender about this, which would ultimately be classified as loan fraud. This implies a willingness to deceive and goes beyond negligence into recklessness, both major elements demonstrating the requisite degree of carelessness to potentially absolve Revolut of any liability it might otherwise have incurred. Furthermore, the party that has truly suffered the loss in these circumstances is the lender, not the customer. Ordering Revolut to refund this amount would be irrational as it would in reality be ordering it to refund the lender for a loan given during the commission of a fraud. The responsibility for this part of the loss should lie with the lender.

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.

There's no dispute that Mr H authorised these payments. In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

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 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. 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;
- have been mindful of – among other things – common scam scenarios, how 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 Mr H.

*Should Revolut have recognised that Mr H was at risk of financial harm from fraud?*

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or the purchase of cryptocurrency, which was the stated purpose of the account when it was opened by Mr H. I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new

account and there was no history of past activity against which these payments might have looked suspicious. Finally, I need to consider Revolut's responsibility to make payments promptly.

Having considered what Revolut knew about payments 1 to 11, including that the amount of each was relatively low and they were spread over a timeframe of more than a month, I'm not persuaded it ought to have been particularly concerned. And I can't reasonably say it was at fault for processing them in line with Mr H's instructions.

Payment 12, however, was for a much larger amount. And on the back of 11 previous payments to cryptocurrency exchanges in the previous month, I think Revolut should have identified a pattern of multiple, increasing payments consistent with many known types of scam had begun to emerge and that Mr H may be at risk of harm from fraud.

*What did Revolut do to warn Mr H?*

Aside from an in-app message asking Mr H to confirm he knew and trusted the payee, Revolut has confirmed that it didn't intervene in any of these payments to question their purpose or show fraud and scam warnings.

*What kind of intervention should Revolut have attempted before payment 12 was processed?*

Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to leave Mr H's account. I think it should have done this by, for example, speaking to him on the phone or directing him to its in-app chat so an agent could discuss the payment with him further.

*If Revolut had intervened as I've described, would that have prevented the losses Mr H suffered from payment 12?*

There are reasons to think Mr H might not have immediately been clear about what the payment was for. In particular, I'm conscious that when presented with a list of options to explain the purpose of the personal loan he said it was for '*home improvements*'. But I don't think this means he had a convincing cover story prepared that would have stood up to scrutiny if a Revolut agent had asked appropriate probing questions and I've seen nothing in the record of his chats with the scammers to suggest he was coached in this way.

Revolut knew more about the ultimate destination than the lender and I wouldn't have expected it to accept the same explanation for the payment as the lender did. Further, as the money from payment 12 was going to cryptocurrency and Mr H had made a number of similar payments in a relatively short period, Revolut should have known that the most likely type of scam that could be taking place was a cryptocurrency-based investment scam. It was therefore in a position to provide an appropriate tailored warning setting out some of the common features of investment scams, including that they're often advertised on social media, backed by fake celebrity endorsements and promise extremely high returns. Also that victims are often guided by individuals claiming to be brokers or advisers, set up with fake accounts on professional-looking websites, required to fund their investments using cryptocurrency, encouraged to invest more and more, and required to pay fees and taxes when they ask to withdraw their '*profits*'.

With this in mind, the agent's questions should have centred on this type of scam. And informed by an appropriate tailored warning and in the absence of evidence he'd been given

a convincing cover story, I think a suitably skilled agent should have been able to ask appropriate questions to establish the real reason for the payment.

Revolut has stated that Mr H was under the influence of the scammer and, while this is likely true to some extent, I don't believe that influence was insurmountable. In particular, I note the history of Mr H's chats with the scammer indicate that he had genuine doubts about the investment scheme. For example on 21 September he asked:

*. . . is there any chance of a face to face meeting, see who and where my money is going? There isn't much information regarding your company on the internet [shoulder shrugging emoji] can't even find an office address! Hope you don't take offence at this request, I'd really feel better with the tradings after a meeting.*

Whatever Mr H might have been minded to disclose to one of Revolut's agents at the outset, if he'd been given a relevant tailored warning setting out key common features of investment scams, I think it's likely he'd have recognised many of these in his own situation and that it would have resonated with him, further reinforcing the doubts he already appears to have had. On balance, I think the most likely outcome is that an appropriate intervention by Revolut would have opened his eyes to the scam and he'd have decided not to go ahead with the payment.

I think it follows that if the scam had been uncovered at the point of payment 12, payments 13 to 23 would also have been prevented.

*What about the actions of Mr H's bank?*

This was a multi-stage fraud that saw Mr H move money from his bank to Revolut and then eventually to the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted the bank to establish if it attempted any kind of intervention before transferring Mr H's money to Revolut.

The bank has provided us with details of all transfers to Revolut during the relevant period. It's confirmed that the only intervention it attempted was on 30 August when it asked Mr H to confirm the purpose of the transfer. He selected the option that said he was paying money to his other account, which wasn't necessarily incorrect, and was then shown a warning relating to safe account scams.

So, I don't think there was any intervention by Mr H's bank that should particularly have alerted him to the fact he was speaking to scammers or that changes my views on how Revolut should have dealt with this situation and whether he acted reasonably.

*Is it fair and reasonable for Revolut to be held responsible for Mr H's loss?*

I have taken into account that Mr H remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised he was at risk of financial harm from fraud, made further enquiries about payment 12 and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for any loss in these circumstances.

While I have considered all the facts of the case, including the role of other financial institutions involved, Mr H has chosen not to pursue a complaint about any other firm and I can't compel him to do so. And, I do not think it would be fair to reduce his compensation

because he's only complained about one firm when I consider that Revolut should have prevented the loss.

*What about the personal loan?*

I've thought carefully about the loan taken by Mr H and any impact this has on the outcome of the complaint. To provide context to my comments, the lender has confirmed that the loan was repaid in full in November 2022. It's also explained that it wasn't made aware of the scam previously and that none of the balance was written off. And that in completing his application, Mr H selected the option that said the loan was for '*home improvements*'. Based on this information, the lender says it had no concerns relating to fraud and didn't question him further or show any scam warnings.

Before going any further, I think it's relevant to note that Mr H was responsible for repaying the loan and any interest (which he has done in full) so I don't think Revolut's concerns that it's effectively being asked to compensate the lender have any merit.

This notwithstanding, it does seem clear Mr H set out to mislead the lender and that's clearly not conduct I wish to condone. Although, in his defence, it seems the loan was taken at the instigation of the scammers rather than being his own idea and that he believed this money would generate significant profits that he would use these to repay the amount borrowed. But whatever his intentions, the lender was the victim of any misrepresentation and it has the ability to take further action if it chooses to do so.

In respect of the lender's actions in agreeing the loan, we don't have regulatory powers and it's not our role to drive higher standards of due diligence amongst lenders. Further, I don't think any questions about its conduct and the care taken in making the lending decision are relevant to the issue of whether Revolut should have prevented Mr H's losses from the scam. As I've already observed in this decision, Revolut knew more about how the money was really being used and was therefore in a better position than the lender to stop the scam.

Taking all of these points into account, I don't believe it would be fair or proportionate to deny Mr H any reimbursement because he obtained a loan under false pretences.

*Should Mr H bear any responsibility for his losses?*

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances. While I accept Mr H 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.

Firstly, the level of returns Mr H has said the scammers discussed with him are extremely high and I think he should reasonably have questioned whether this was too good to be true. I also think he should have questioned whether a legitimate investment company would encourage people to take a personal loan to fund their investment, particularly when he was required to provide false information to obtain the loan. In addition, the record of his chats with the scammers show he continued to make a number of large payments to the scammers even after his request for a meeting to assuage his doubts was declined.

In the circumstances, I think Mr H ought to have proceeded only with great caution. If he'd carried out further research, for example online searches, I think he'd have discovered his 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 Mr H's losses once it was aware the payments were the result of fraud.

I understand Mr H didn't tell Revolut about the fraud until several months after the last payment was made. 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 and I don't think anything that Revolut could have done differently would likely to have led to his money being recovered successfully after this period of time.

In any event, Mr H paid funds to legitimate cryptocurrency accounts in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Revolut could only try to recover funds from his own account and it appears all the money had already been moved on. If not, anything that was left would still have been available to him to access.

As the payments were made by card, I've considered whether Revolut should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law. But I'd only have expected a chargeback claim to be raised if it was likely to be successful and it doesn't appear that would have been the case here. Aside from anything else, the normal timeframe for raising a claim had long expired by the time the scam was reported to Revolut.

### *In conclusion*

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr H and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 11 in line with his instructions, if it had carried out an appropriate intervention before payment 12 left his account, I'm satisfied payments 12 to 23 would have been prevented.

### **Putting things right**

The principal aim of any award I make must be to return Mr H to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he 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 Mr H would have retained the money that was lost from payments 12 to 23. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr H's own contribution towards the loss.

To put things right, Revolut should pay Mr H compensation of A + B, where:

- A = a refund of 50% of each of payments 12 to 23; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr H for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr H with a certificate showing how much tax has been deducted if he 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 Mr H'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 Mr H to accept or reject my decision before 6 January 2026.

James Biles  
**Ombudsman**