

## The complaint

Mr Y 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 June 2021, Mr Y was referred by a friend to an opportunity to invest in cryptocurrency using a platform I'll refer to as H. Mr Y was sent T&Cs, and a link which he used to check that there was no adverse information about H on the Financial Conduct Authority ("FCA") website. His friend also reassured him that he'd made withdrawals and had done due diligence including having the paperwork checked by a lawyer, who said the platform was reputable.

On 28 June 2021, Mr Y transferred £25,000 from his Revolut account to account details provided by the scammer who told him the funds would then be transferred to H's platform. He realised he'd been scammed when he couldn't make a withdrawal. He complained to Revolut with the assistance of a representative who said it didn't provide effective warnings, and he was vulnerable because he had no investment experience. They said it should refund the money he'd lost with interest and pay £1,000 compensation for poor service.

When he didn't receive a satisfactory response, Mr Y complained to this service with the assistance of his representative, who said he'd previously made a small investment, but nothing high value.

Responding to the complaint, Revolut said it contacted the beneficiary institution on 13 March 2024, but no funds remained. It said Mr Y created the account on 15 November 2019, providing the account purpose as overseas transfers and transfers. It said the transaction was identified as high risk and Mr Y was given the following warning before he proceeded with the transfer: *"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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment."* It also said an intervention was unlikely to have made a difference because he'd received investment advice from a friend he trusted.

Revolut said that if Mr Y had done proper checks, he'd have discovered an FCA warning about H which predated the payment (March 2021). It also cited the Supreme Court's

judgement in *Philipp v Barclays Bank UK plc* [2023] UKSC 25 where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, “no inquiries are needed to clarify or verify what the bank must do. The bank’s duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank.”

Our investigator didn’t think the complaint should be upheld. She thought Revolut ought to have been concerned about the payment because the highest outgoing payments from the account were £1,257 on 24 June 2021, and £10,000 on 26 June 2021, so £25,000 was out of character. She thought a proportionate response would’ve been for Revolut to ask Mr Y to select the purpose of the payment and to give him a tailored scam warning. She said that she was satisfied Mr Y would have confirmed that he was making an investment, so he’d have been given a warning about investment scams and advice on additional due diligence, including checking the FCA website. But he’d already checked the FCA website, and his friend had sought legal advice, so she didn’t think he’d have acted on the advice.

Finally, she was satisfied Mr Y had tried to recover the funds, but no funds remained, and she didn’t think he was entitled to any compensation.

Mr Y has asked for his complaint to be reviewed by an Ombudsman. His representative has argued that he was using funds from his divorce settlement and was acting with caution. He’d sought assurance from trusted sources and wouldn’t have gone ahead if he’d received a warning from Revolut. They’ve argued that Revolut should have done more to establish the circumstances surrounding the payment and if Revolut had asked probing questions and provided a scam warning, Mr Y’s loss would have been prevented.

### **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 Y 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 Y ‘authorised’ the payments for the purposes of the 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, Mr Y is presumed liable for the loss in the first instance.

There’s no dispute that this was a scam, but although Mr Y 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*

The business was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

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 this payment was part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr Y when he tried to make the payment.

The payment did flag as suspicious on Revolut's systems, and Mr Y was shown a generic warning, but based on the value of the payment and the fact the account didn't have a history of similar spending, I don't think this was proportionate to the risk. One of Revolut's agents should have contacted Mr Y via its live chat facility and asked him some probing questions about the circumstances of the payment including why he was making the payment, whether there was a third-party involved and if so how he'd met them, whether he'd downloaded remote access software, whether he'd been promised unrealistic returns, whether he'd made any withdrawals and whether he'd been coached to lie. And there's no evidence that Mr Y was coached to lie, so I'm satisfied he'd have told Revolut that he was investing in cryptocurrency, and he'd been referred to H by a friend.

As third-party involvement is a red flag, I would expect Revolut to have expressed some concerns that the investment might be a scam and to have provided a detailed warning about cryptocurrency investment scams, including the key features of the most common types of scams.

Revolut should also have asked Mr Y whether he'd done any due diligence, in response to which it's likely he'd have explained that he'd checked the FCA website and that his friend had sought legal advice and received returns on his investment. We now know that these checks weren't effective and didn't lead to the discovery of the FCA warning or any other negative information about H, but as Mr Y was already satisfied that he'd done reasonable checks and that the investment was genuine, I don't think he'd have felt he needed to do anything more before proceeding with the payment. I with the assurances that Mr Y would likely have given about the checks he'd done, I don't think it would be unreasonable for Revolut to process the payment.

So, while I agree Revolut should have done more when Mr Y made the payment, I don't think this represented a missed opportunity to have prevented his loss and I can't ask it to do anything to resolve this complaint.

### *Recovery*

I'm satisfied that Revolut did what it could to recover the funds, but no funds remained.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr Y 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.

I'm sorry to hear Mr Y 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 Y to accept or reject my decision before 22 July 2025.

Carolyn Bonnell  
**Ombudsman**