

The complaint

Mr M complains that Revolut Ltd won't refund money he lost when he was a victim of an investment scam.

Mr M is represented by a firm I'll refer to as 'R'.

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 2023 Mr M received a telephone call from a scam investment firm, which I'll refer to as 'S', asking whether he was interested in trading. R has said Mr M wasn't experienced with trading or crypto and so was guided by an 'account manager'. This account manager directed Mr M to open an account with Revolut and a crypto wallet with a legitimate crypto platform. Mr M was also persuaded to take out loans to fund the trading, with the promise that the returns would cover the repayments until the investment matured.

Mr M made the following payments to S's trading platform from his Revolut account, via the legitimate crypto platform, as part of the scam:

Date	Transaction type	Amount
16 June 2023	Fund transfer	£500
16 June 2023	Fund transfer	£11,500
22 June 2023	Fund transfer	£11,999
	Total	£23,999

Mr M received a credit of £292.06 into his Revolut account. And R has confirmed he received two other credits of £991.87 and £977.88 from the scam. This brings Mr M's total loss to £21,737.19.

Mr M says he realised it was a scam when S stopped contacting him and he wasn't able to withdraw his funds.

R complained, on Mr M's behalf, to Revolut on 16 February 2024, saying the payments were made as part of a scam. In short, they said:

- Revolut failed to identify out of character payments that were indicative of fraud. And had Revolut intervened appropriately, the fraud would've been prevented. As such, Mr M suffered a preventable financial loss which should be reimbursed.

- An appropriate intervention would've uncovered the hallmarks of a standard crypto investment scam – such as Mr M being contacted via a cold call, him being asked to take out loans, the use of remote desktop software and a broker directing him to send funds to an unregulated third party via a crypto platform.
- It is understandable why Mr M felt the investment was real and believable – as he searched S online and looked at a reputable review website, along with being given access to a sophisticated and professional trading portal which showed fake real time returns and deposits/trades.
- The scammer was in constant contact with Mr M, and due to his investment inexperience, he was unfamiliar with how things worked.
- Revolut should be on the lookout for this type of scam.
- If Revolut had intervened by asking open probing questions, the scam would've been exposed.
- Revolut should refund Mr M and pay 8% simple interest.

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

- They launched a request to freeze and retrieve the funds from the beneficiary's account within 24 hours of the scam being reported. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. Regrettably, they received confirmation on 18 December 2023 that no funds remained.
- They detected the payments were 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 Mr M acknowledged this warning, he was free to continue with the transfer.

- They also showed a message informing Mr M that the transfers were riskier than most transactions. And they asked about the purpose of the payment, whether someone was pressurising him into making the payment or if he'd been called unexpectedly. After this form submission, they put Mr M in touch with their support team – where he confirmed he wanted to proceed with the transfers.
- In addition to this, they showed a message about the purpose of the payments, followed by educational screens regarding the type of potential scam. After these warnings, Mr M was free to continue with his transactions.
- 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 Mr M authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.
- They're not liable for these transactions, they treated Mr M fairly and they fulfilled

their duty to protect him by providing sufficient warnings and trying to recover the funds.

Mr M's complaint was referred to the Financial Ombudsman. Our Investigator didn't however think Revolut had to do anything further. She said Revolut carried out additional checks before processing the first two payments, including referring Mr M to their in-app chat facility on the latter payment. But she didn't think Mr M answered some of their questions accurately, nor did he give accurate information to his existing banking provider – which I'll refer to as 'B' - that he used to fund his Revolut account.

Our Investigator also noted that a screenshot of part of Mr M's conversation with the scammer on an instant messenger app showed he asked for guidance on what option to select as to the account purpose when opening his Revolut account. So, our Investigator thought it was likely Mr M was being coached by the scammer. And that the answers he gave to Revolut's questions prevented them from uncovering the scam. Because of this, and considering the warnings provided by both Revolut and B, she didn't think Revolut were responsible for Mr M's loss. Nor did she think Revolut could've done anything more to recover the funds – as they had already been forwarded on as part of the scam from Mr M's crypto wallet.

R disagreed and asked for Mr M's complaint to be reviewed by an Ombudsman. R, in short, added:

- They fundamentally disagree that Revolut shouldn't reasonably have been expected to prevent the scam. And they don't believe that B's intervention was effective or that it should be used to justify Revolut's lack of effective intervention.
- Banks need to ask open, probing questions when intervening and they need to hold up customers' answers to a reasonable level of scrutiny.
- While Mr M misrepresented some of his reasons for sending his payments when questioned by B, it's not unusual for victims of fraud to present answers that aren't entirely authentic. They believe B failed to probe further and ask for more information. B dismissed multiple red flags. This includes:
 - B accepted Mr M's payment purpose reason as 'home improvements' without any further questions being asked, despite it being a common story used by victims of fraud. Had the bank probed further, Mr M would've struggled to respond effectively and so, they could've unravelled his story and uncovered the scam.
 - B failed to ask Mr M further questions about the use of remote desktop software installed on his computer.
 - The payment had a strong indication of multi-stage fraud, and the fact Mr M had taken out a loan and was sending the funds straight to a newly opened EMI account (Revolut) should've been a huge red flag.
 - B's agent read from a script. And when it came to giving relevant warnings, the agent states repeatedly that he didn't think the warning(s) was relevant to Mr M's situation.
 - Mr M explained he'd been scammed two years ago, in what sounded like a safe account scam. This should've made B's agent wary, as it suggested Mr M was vulnerable to scams.

- Revolut's in person intervention was insufficient. They only asked him a total of four questions, with two of those specific to safe account scams which was irrelevant. This intervention was entirely disproportionate to the risk of fraud that the payments presented.
- No probing questions were asked, none of Mr M's answers were taken beyond face value and no follow up questions were asked – such as the details of the investment or how Mr M had come to hear of it.
- Revolut didn't question the end destination of the payments even though they should've been aware of the increase in multi-stage fraud – particularly involving crypto.
- All the screenshot of the conversation with the scammer shows is that Mr M asked how to respond to the reason he was making the transfer. He didn't receive a cover story, and he honestly stated he was sending money to buy crypto. As such, there's no evidence he was being coached or told to lie.
- Whilst Mr M did exaggerate the length of time he had been investing, Revolut should be aware that scam victims won't always present fully reliable information, and they should ask further probing questions.
- Mr M didn't use 'home improvements' as the payment purpose with Revolut and they were able to see he was buying crypto. As such, they had more information than B regarding Mr M's spending behaviour and an intervention was more likely to succeed.
- Revolut should've intervened on the third payment of £11,999 too.

Our Investigator considered what R said, but her position didn't change. She remained of the view that B's intervention was proportionate, and it included asking specific, open and probing questions. Yet Mr M gave information that wasn't accurate, which prevented the scam being uncovered. And so, while she thought Revolut's interventions were proportionate to the risks associated with the payments, even if Revolut had intervened further, including in respect of the £11,999 payment, she didn't think it would've made a difference. And so, she thought Mr M would've still made the payments.

R disagreed. In short, they added:

- They believe both B's and Revolut's interventions could've been more attentive and effective. If this had been the case, the scam would've been uncovered and Mr M's loss prevented.
- They highlighted further concerns with B's intervention.
- Although they noted our Investigator's view that Mr M's English skills were sufficient, it's clear that there were several moments of miscommunication during his calls with B. Mr M chose to speak his primary language when reporting the scam as he felt more comfortable and confident doing so. They think this made Mr M more vulnerable – both to the scam and to effective warnings from the bank.
- Revolut's intervention wasn't a proportionate response. They didn't ask probing follow up questions such as querying his two years of investment experience, or ask for documentation of the investment. Nor did they ask where Mr M was moving his funds to after his wallet, or if any other platform was involved.

- Revolut failed in their duty of care to prevent harm to Mr M and should be held liable for his loss.

The matter 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.

I'm sorry Mr M has been the victim of a scam, and I don't underestimate the impact this has had on him. But while I'm sympathetic to Mr M's circumstances, I must consider whether Revolut is responsible for the loss he has suffered. I know this won't be the outcome Mr M 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 Mr M that I've considered everything R has submitted on his behalf. 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 Mr M suffered to the scam.

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 Mr M knowingly made the payments from his account – albeit under the direction of the scammer – and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Revolut are expected to process Mr M's payments, and he 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 first payment, Revolut provided Mr M with the following warning as it was being made to a new beneficiary:

“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.”

They also asked Mr M for the payment purpose – which he selected as 'Crypto Currency'. This prompted further warnings that included:

- ***“Asked to download software?”***

If someone has asked you to download any software (like [software program]), this could be a scam!

- ***Are you making a new investment?***

Research if what you're investing in is a legit company or cryptocurrency”

Considering its low value, I think these warnings were proportionate to the associated risks with the first payment. And so, I think it was reasonable for Revolut to have processed the payment following Mr M confirming he wished for it to be made.

In respect of the second payment, Revolut asked Mr M for the purpose of it – which he selected as ‘Investment’. This prompted further questions which, amongst others, included:

“Have you been contacted or encouraged to invest by someone you don’t know or have only met online recently?”

Mr M answered this ‘No’. He was then directed to Revolut’s in-app chat facility. In this, he was asked:

“Have you recently been contacted by anyone unexpectedly on the phone or by text, advising you of a concern and asking you to move money to another account?”

Mr M replied *“It is my own personal account I’m sending to. No, I have not.”*

This was then followed by Revolut asking:

“Could you please tell me if any of the following could possibly apply to the case? 1. Have you been asked to install any apps (such as [remote desktop software]) or been assisted in setting up an investment account? 2. Are you buying cryptocurrency?”

Mr M replied *“No, I do not have [remote desktop software]. I opened this account, I’ve been doing my investment for the past 2 years. I am buying cryptocurrency, I’m investing in Bitcoin.”*

Revolut then provided some scam prevention advice – including undertaking research, not sharing investment account details with others or transferring more money to access funds.

From the answers Mr M gave, I can understand why Revolut would’ve likely been reassured that he wasn’t at risk of financial harm from fraud. This is because he’d confirmed there wasn’t a third party involved who had recently contacted him encouraging him to invest, nor had he downloaded any remote desktop software. He also said he’d been investing for two years. While all of this was untrue, I don’t think Revolut could’ve reasonably known this – particularly as Mr M selected ‘Crypto Currency’, and so his answers were consistent with this payment purpose.

As R has suggested however, given the value and destination of Mr M’s payment, I think Revolut’s intervention could’ve arguably gone further than it did. I also consider that it would’ve been reasonable for Revolut to have contacted Mr M before processing the £11,999 payment – as, by this point, Mr M had sent nearly £24,000 to crypto on a newly opened account in less than a week. This would’ve allowed Revolut the opportunity to question Mr M further about the surrounding circumstances of his payments to assess whether he was at risk of financial harm from fraud. This could’ve included asking Mr M further details about what he was investing in, how he’d come across the investment opportunity and if he was intending on moving the funds from his wallet with the legitimate crypto platform elsewhere.

But even if Revolut had taken such additional steps, I don’t think any proportionate intervention would have prevented Mr M’s loss. I’ll explain why.

It’s impossible to know with certainty how Mr M would have responded had Revolut

questioned him as I've suggested. I've therefore considered the overall circumstances of what happened - including what I know about Mr M's interactions with B – to reach a conclusion on what I think would most likely have happened had he been asked the relevant questions.

At which point, I should clarify that I'm only considering the actions of Revolut here in respect of their responsibility to protect Mr M from financial harm from fraud. I'm not considering the actions of B, and whether their actions were proportionate and/or sufficient to the risks associated with the payments Mr M was making to Revolut. Nevertheless, Mr M's interactions with B give me a better understanding of what I think would've most likely happened had Revolut carried out the further checks I've alluded to.

I've noted R's point that B should've identified red flags when speaking with Mr M. But during their conversation, Mr M confirmed the following:

- Although he initially said he wasn't aware of remote desktop software on his computer, when probed further and following advice being given by B regarding the risks of it being installed, he said the software was installed two years prior and that he would remove it.
- He was sending the funds to Revolut for it to be used on home improvements. It wasn't for investment purposes.
- He set up the Revolut account and nobody else had access to it.
- Nobody had told him to lie to the bank if questioned.
- Nobody had asked him to download any programs of software recently.
- He hadn't been called by any third party asking him to move money.
- He hadn't received contact from an unknown number.

As part of the discussion, B also said that they've seen people contacted on social media with investment opportunities that provide high returns quickly. They warned that's not how investments work and told Mr M not to invest with a third party investing on his behalf – as it'll definitely be a scam.

Irrespective of whether B could've, or should've, done more before processing the transactions Mr M requested, I'm satisfied that he was asked clear and specific questions relevant to his situation. And while I'm aware that R has referred to English not being Mr M's preferred language, although I accept there were some points of miscommunication, I'm satisfied that he sufficiently understood what B was asking of him at the time.

From Mr M's interactions with both B and Revolut, it seems he wasn't entirely honest or accurate about the true circumstances of the payments he was making – albeit I accept the payment purposes of 'Crypto Currency' and 'Investment' he selected were accurate. Although I note Revolut ought to have known they were for crypto regardless of this as they were made to a known crypto platform.

I haven't seen Mr M's full chat conversation with S. But I have seen a screenshot showing he asked for guidance on what option to select as to the purpose of the account when opening it. While I've not seen any evidence to show Mr M was directly coached by S on what to say if questioned by B or Revolut when making the payments, this seems most likely here – as otherwise, I find it difficult to understand why Mr M would've been prepared to provide false

and misleading information to both firms.

Even if Mr M hadn't been coached though, I'm satisfied that he was willing to go to considerable lengths to conceal the true surrounding circumstances of the payments he was making. And so, had Revolut intervened further than they did, I'm unable to reasonably conclude that Mr M would've more likely than not answered Revolut's questions openly or honestly - particularly given he was prepared to provide B, who he had a longer standing relationship with, a false narrative too.

While Revolut recognised there was a risk of financial harm, they were to some extent reliant on the information Mr M provided to understand the actual risk he faced. As a result, even if Revolut had intervened in the way I've explained, I'm not persuaded it would have led to the scam being uncovered. I think Mr M would most likely have provided Revolut with answers that would've disguised the true purpose and intent of the payments. And, at this point, I'd add that I also consider it would've been far easier for Mr M to have disguised the true purpose and intent of the payments with Revolut via their in-app chat opposed to the telephone conversation he had with B.

It follows that I don't think Revolut could've reasonably uncovered the scam by way of undertaking a proportionate intervention on these payments. And I consider the warnings Mr M received from both Revolut and B were relevant and tailored to his situation - as he was told that if he'd been asked to download software such as remote desktop software it could be a scam, nor should he allow a third-party to invest on his behalf as it'll "*definitely*" be a scam. But despite this, Mr M decided to proceed with the payments.

So, although Revolut didn't provide as detailed a scam warning as they could have, I'm not persuaded that even if they had done so it would've dissuaded Mr M from continuing to make the payments. I think some of the warnings Mr M received – along with the questioning carried out – should've resonated with Mr M given what was happening. Yet despite this, I haven't seen anything to show Mr M took any notice of the warnings or that he took any further steps to check what he was doing was legitimate. As such, I'm not persuaded further warnings would have prevented his loss.

In the circumstances, I'm therefore unable to fairly conclude that proportionate intervention from Revolut would most likely have prevented Mr M's loss.

I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Mr M's losses. But I don't think they could as the funds had already been withdrawn from his crypto wallet with the legitimate crypto platform. As such, no funds remained.

I have a great deal of sympathy for Mr M and the loss he's suffered, as I appreciate it is a significant sum of money to him. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has 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 Mr M to accept or reject my decision before 14 May 2025.

Daniel O'Dell
Ombudsman