

The complaint

Mr M has complained that Revolut Ltd won't refund money he says he lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again in full here. Instead, I will focus on giving the reasons for my decision but I understand the circumstances of the complaint to be:

In December 2023, Mr M saw an advertisement, which was seemingly endorsed by a well-known celebrity, to invest online with a company who I shall refer to as "X". We now know this to be a scam. Mr M says he made initial investments and was encouraged by the scammer to increase his investments over time. He was shown trading graphs and predictions and so he made multiple payments. Once he realised he had been scammed he says ceased all contact with the scammers.

Mr M has said he lost a total of £18,865.17 and he wants Revolut to refund this.

Mr M referred his complaint to our service, via a representative. Our investigator looked into Mr M's complaint but didn't recommend it be upheld, so Mr M asked for the case to be referred 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.

Having done so, I agree with the investigator for broadly the same reasons, I will explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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 authorised the payments from his Revolut account. Therefore, under the Payment Services Regulations and the terms of his account, Revolut is expected to process Mr M's payment, and he is presumed liable for the loss in the first instance.

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 in February 2024 (when he made payment six) 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 (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 – (as in practice Revolut sometimes does);
- 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.

Having considered the size of the payments, the fact it was a new payee (that day) and comparing Mr M's previous expenditure on his account, I'm satisfied that the sixth payment he made on 22 February 2024 (£3,404.95) ought to have triggered Revolut's fraud detection system. This is because it was a big increase in value compared to payments made on previous days – and escalating payments of increased values in a short space of time (is a potential indicator of fraud. The overall amount Mr M transferred that day was £11,145.30, which is a significant increase to the amount he typically spent on this account. So, given the size of the payment, the date of the payment and pattern of expenditure, in my view, there was enough about the characteristics of transaction six and the activity on the account that ought to have been concerning such that Revolut should have intervened.

So, I have gone on to consider what an appropriate and proportionate intervention would have been. The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers. As such, firms, have developed warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, by February 2024, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place, for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment Mr M was making and to have provided a scam warning tailored to the likely scam he was at risk from. I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every situation.

However, even if Revolut had asked a series of automated questions, as I have highlighted above (which I deem to have been a proportionate intervention at that time), I am satisfied it wouldn't have prevented the loss from occurring. In this case, Mr M was falling victim to an 'investment scam'. As such, I'd expect any such warning to have covered off the key features of an investment scam, such as: his investment experience, how he was introduced to the investment, was there a broker, what were the promised returns. As explained above, the accuracy of the consumers answers is what is key in determining what further 'probing' is done or what warning is generated.

When considering how Mr M would have answered these questions, I have considered how he answered the questions on an intervention call with a third-party bank, which I will refer to as B. However, it is crucial to acknowledge that B contacted Mr M via phone and the phone call lasted over an hour. It is likely, if Revolut had intervened as highlighted above, it would have directed Mr M to its in-app chat, as such allowing him more time to consider his answers as opposed to the call he had with B over the phone.

During the call with B, Mr M was asked what his intention for the payment was and he said “*investing*”. He was asked how he came about the investment, and he originally said through friends (it was only later in the call he disclosed through advertisements). He indicated he had been investing for a few months and had completed his own research, including checking if the company was FCA registered (which he initially confirmed it was). During this call Mr M also confirmed that his friends, who he trusted “for all of his life” had done well with the investment. It was apparent through the call that Mr M was hesitant on how to answer the questions he was asked. When the scam was unveiled (through heavy probing and the advisor picking up on Mr M’s hesitation) Mr M still seemed unsure if he was being scammed and alluded to still being able to make withdrawals from the ‘platform’. So, while I don’t doubt Mr M’s version of events, that after the call with B, he accepted he had been scammed, I am not entirely persuaded, after listening to the call that Mr M was convinced, he had been scammed. This is supported by the fact that B told Mr M, during the intervention call, to notify Revolut. Mr M didn’t do this, instead he continued liaising with the scammer. On 2 April 2024, when Mr M contacted Revolut, he still didn’t notify it of the scam, instead he asked further questions regarding the fees for purchasing cryptocurrency.

Mr M has also said he had doubts about the legitimacy of the investment due to how the scammer asked him to make the transfers, suggesting they told him to keep all transfers below £5,000, which he thought was odd. And Mr M had also indicated he had seen the negative reviews indicating it was a scam. However, due to his friends making money (who he had trusted his whole life) he continued with the payments. This, to me, suggests Mr M was willing to proceed despite having clear concerns about the investment.

So, with that in mind, even if Revolut had intervened the way I have highlighted above, due to the way the intervention was likely to be carried out, I think Mr M wouldn’t have answered the questions in the spirit they were intended, similarly to how he originally answered the questions with B. And while the scam was uncovered by B, it doesn’t necessarily mean it would have been uncovered by Revolut. I say this because, I don’t necessarily feel the extent in which B went to, to uncover the scam was proportionate to the risk it presented. I have to consider what I think would have been a proportionate intervention by Revolut and having done so, if an intervention had been carried out in that way, I don’t think it would have unveiled the scam. Ultimately, I think Mr M trusted the scammer and as he explained on the phone with B, he had seen the success his friends had which reassured him it was legitimate despite finding bad reviews and having the sense things felt ‘odd’. In summary, I think Mr M was under the spell of the scammer and still hadn’t fully accepted it was a scam even after B uncovered it. Because of this, I don’t think Revolut would have prevented the losses even if it had intervened.

Recovery

I’ve thought about whether Revolut could have recovered any of the funds Mr M lost. However, I have considered the fact that the scam wasn’t reported immediately and due to the nature of these scams, and how the funds were transferred, the funds are usually immediately removed from the beneficiary account. So, it’s highly unlikely the funds would be recovered given the time that had passed.

I note that Mr M has said that he wants £300 compensation for the distress and

inconvenience caused. Whilst I don't dispute Mr M was impacted greatly by the scam, I don't think Revolut was cause of it. So, I don't think Revolut needs to pay any compensation here.

My final decision

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 M to accept or reject my decision before 20 August 2025.

Jade Rowe
Ombudsman