

The complaint

Mr K complains that Revolut Ltd (Revolut) won't refund the money he lost to a scam.

What happened

I issued my provisional decision on this complaint on 15 November 2024. I wanted to give both sides a chance to provide any further evidence and arguments before I issued my final decision. That provisional decision forms part of this final decision and is copied below.

What happened

In November 2023, Mr K says he saw an advertisement on a well-known online search engine, about an investment opportunity in multi-asset trading. The investment was being offered by a company (that I'll call E), who used technology to trade on the investor's behalf, with the option for investors to trade themselves.

Mr K says he agreed to make an initial investment of £5,000. He paid £199 initially using his credit card with another firm to a merchant (that I'll call S). On 27 November 2023, he opened a Revolut account under the instructions of the fraudster and topped this up by moving funds from his external bank account with Bank H. He then proceeded to make the following payments to a cryptocurrency exchange platform (that I'll call B):

1	30 November 2023	Card payment to B	£450	Declined, then approved
2	4 December 2023	Card payment to B	£1,350	Approved
3	5 December 2023	Card payment to B	£3,000	Approved

Within a month of signing up, he saw his investment grow to £7,000. When his account manager asked Mr K for a further £5,000 to upgrade his account, Mr K refused. Within a week of his refusal, his trading account balance was drained. A couple of days later, a senior account manager told Mr K that if he paid in £5,000 to re-activate his account, they would match this with a £5,000 deposit and he'd also get a £1,000 bonus and his funds recovered.

He attempted to make further card payments to B, but these were declined. So Mr K proceeded to make international transfers to a different beneficiary (that I'll call C) based overseas instead. I've listed these payments below:

4	19 January 2024	Card payment to B	£5,000	Declined
5	19 January 2024	Card payment to B	£2,600	Declined
6	19 January 2024	Card payment to B	£2,600	Declined
7	22 January 2024	International transfer to C	£4,978.53 (£4,939.14 + £39.39 fee)	Approved
8	24 January 2024	International transfer to C	£6,967.07 (£6,898.09 + £68.98 fee)	Approved

I understand Mr K realised he'd been scammed when he tried to make a withdrawal but couldn't, and the fraudster stopped responding to his emails. Mr K reported the scam to Revolut on 7 February 2024, and at the same time he contacted B directly to obtain a refund. He was successful in receiving a refund from B, of the payments he'd made to B. However, Revolut declined to reimburse the funds he'd sent to C. It said, in summary, that it provided sufficient scam warnings, and it did everything it could to recover Mr K's funds. But unfortunately the international bank did not respond to Revolut's requests to recover Mr K's funds.

Mr K referred his complaint to our service. But Revolut maintained its position and made a number of arguments, which I've summarised below:

- *Revolut provided Mr K with both generic and specific warnings.*
- *It declined two card payments. On the first occasion, Mr K simply re-attempted the payment. On the second, Mr K spoke to Revolut via live chat. In the live chat, he was given a warning about investment scams. But Mr K proceeded to complete the transaction.*
- *Mr K didn't provide accurate answers when Revolut made enquiries about the payments. He said he was 'paying an invoice' when there was no invoice.*
- *Mr K opened his Revolut account on 27 November 2023, so it had limited information about how he typically transacted. It presented all the reasons Mr K gave for opening his account, from a list of options. This included 'overseas transfers', 'Stocks', 'Crypto' and 'Invest in Gold & Silver'. It did not consider the payments to be out of character in their pattern.*
- *As the payments were made over three months, Mr K had sufficient time to perform due diligence. Mr K failed to meet his due diligence obligations as he did not evaluate the risk of the investment, nor did he verify the legitimacy of the transfers.*
- *It's not clear how Mr K obtained a refund from B. This indicates he owned the account and managed to send the funds back.*
- *There is no evidence that Mr K was vulnerable at the time.*
- *It has no legal duty to prevent fraud and it must comply strictly and promptly with valid payment instructions. It does not need to concern itself with the wisdom of those instructions. This was confirmed in the recent Supreme Court judgement in the case of Philipp v Barclays Bank UK plc [2023] UKSC 25.*
- *Revolut is not signed up to the Contingent Reimbursement Model (CRM) Code, nor was the Payment Service Regulator's ("PSR") mandatory reimbursement scheme in place at the time.*
- *Mr K contacted Revolut a month after completing the transactions, diminishing the possibility of recovering funds.*

Our Investigator considered the arguments from both parties, and upheld Mr K's complaint in part. They thought Revolut ought to have made further enquiries with Mr K about the international payments he was making, and had it done so, they think the scam would have come to light. They recommended Revolut refund 50% of Mr K's outstanding loss together with 8% simple interest from the date of the transactions, until the date of settlement.

Mr K didn't agree that he should share 50% liability for his loss. And Revolut didn't agree with the outcome and made the following arguments:

- *It intervened on the declined card payments and these interventions should*

considered.

- The payments weren't suspicious, so the interventions were appropriate and fair.
- A human intervention was triggered three times and therefore it still deems its interventions as appropriate.
- Mr K was providing Revolut with untruthful information at a point. He said he was paying an invoice when there was no invoice to pay. It's unlikely Mr K would have changed his response and provided accurate information about the payments.

As no agreement could be reached, this case was passed to me to be considered.

What I've provisionally 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.

In deciding what's fair and reasonable, I am 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.

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.

And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut's contract with Mr K modified the starting position described in *Philipp*, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".

In this respect, section 20 of the terms and conditions said:

"20. When we will refuse or delay a payment

We must refuse to make a payment or delay a payment (including inbound and outbound payments) in the following circumstances:

- If legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks;*
- ...”*

So Revolut was required by the implied terms of its contract with Mr K and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances expressly set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

I am satisfied that, to comply with regulatory requirements (including the Financial Conduct Authority’s “Consumer Duty”, which requires financial services firms to act to deliver good outcomes for their customers) Revolut should in November 2023 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

So, Revolut’s standard contractual terms produced a result that limited the situations where it could delay or refuse a payment – so far as is relevant to this complaint – to those where applicable regulations demanded that it do so, or that it make further checks before proceeding with the payment. In those cases, it became obliged to refuse or delay the payment. And, I’m satisfied that those regulatory requirements included adhering to the FCA’s Consumer Duty.

The Consumer Duty – as I explain below – requires firms to act to deliver good outcomes for consumers.

Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Revolut was required act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. The Consumer Duty is therefore an example of a regulatory requirement that could, by virtue of the express terms of the contract and depending on the circumstances, oblige Revolut to refuse or delay a payment notwithstanding the starting position at law described in Philipp.

I have taken both the starting position at law and the express terms of Revolut’s contract into account when deciding what is fair and reasonable. I am also mindful that in practice, whilst its terms and conditions referred to both refusal and delay, the card payment system rules meant that Revolut could not in practice delay a card payment, it could only decline (‘refuse’) the payment.

But the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R:

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I’m also obliged to take into account regulator’s guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut’s standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in November 2023 have been on the look-out for the possibility of fraud and

have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;¹*
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- using the confirmation of payee system for authorised push payments;*
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

For example, it is my understanding that from October 2023, Revolut operated a process whereby if it identified a scam risk associated with a card payment through its automated systems, it might initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat). If Revolut was satisfied with the response to those questions and/or it provided a relevant warning, the consumer could use the card again to instruct the same payment and Revolut would then make the payment.

I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3).*
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “Financial crime: a guide for firms”.*
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.*
- The October 2017, BSI Code², which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and*

¹ For example, Revolut's website explains it launched an automated anti-fraud system in August 2018:

https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

² BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).

- *Since 31 July 2023, under the FCA's Consumer Duty³, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was "consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"⁴.*
- *Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency⁵ when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.*
- *The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So, it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).*

Overall, 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 November 2023 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;*

³ Prior to the Consumer Duty, FCA regulated firms were required to "pay due regard to the interests of its customers and treat them fairly." (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

⁴ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

⁵ Keeping abreast of changes in fraudulent practices and responding to these is recognised as key in the battle against financial crime: see, for example, paragraph 4.5 of the BSI Code and PRIN 2A.2.10(4)G.

- 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 – (as in practice Revolut sometimes does); and
- 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.

Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in November 2023, Revolut should in any event have taken these steps.

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

I've thought about how these transactions appeared to Revolut at the time, taking into account what it knew about Mr K and his spending, as well as its knowledge of known fraud patterns and scams prevalent at the time.

Having done so, I'm satisfied that the payments Mr K made to B presented a suspicious pattern, at least by payment 3. And irrespective of how long Mr K had held an account with Revolut, I'd expect it to, fairly and reasonably, be on the lookout for suspicious patterns indicative of a fraud or scam - as was the case here.

Mr K had made a series of payments to a cryptocurrency exchange platform, in a short period of time, with the value and frequency increasing between each payment. I'm mindful that the FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since, reaching record levels in 2022. With this in mind, I'd expect that by the time these transactions took place, Revolut ought to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name. Taking these things into account, I think there was enough going on for Revolut to have recognised that Mr K was at risk of financial harm from fraud when making these transactions.

What did Revolut do to warn Mr K?

Revolut says it declined the first card payment Mr K made for £450 and showed him a warning, but it's not clear to me from Revolut's submissions which warning was shown at this stage. Revolut next intervened on payment 4, asking Mr K some automated questions and forcing Mr K into a live chat. And it used the same style of intervention for payment 7.

Whilst I might have recommended an earlier intervention from Revolut, in light of the pattern emerging, that is immaterial to this case. When Revolut did intervene at payment 4, this was prior to the point Mr K suffered a loss, because B has since refunded all the card payments he made to B's platform. But importantly, Revolut's failure to provide Mr K a suitable warning, during this intervention at payment 4, meant that Mr K did go on to suffer a loss in relation to the subsequent successful payments (7 and 8).

I say this because I'm satisfied that Revolut ought to have done more, during this intervention (payment 4), to identify that Mr K was at a high risk of falling victim to a cryptocurrency investment scam. And it should have given him a tailored warning about this scam. Had it done this, I'm satisfied Mr K would have stopped making further payments, and further loss would have been prevented.

I accept that Mr K did go on to mislead Revolut in later interventions – when he understandably thought he'd already given the right information about the payments, and it hadn't caused any concern, so I can understand why he didn't see the relevance of the questioning. And of course, at this later stage, he was sucked deeper into the scam. But during the intervention on payment 4, Mr K was transparent and told Revolut that the payment was for trading with E. I'm satisfied Mr K did not attempt to hide the true reason for the payments in the live chat, given he told Revolut he was purchasing cryptocurrency via B to trade with E. And so, Revolut, ought fairly and reasonably, to have tailored its line of questioning to the related scam risk associated with the payment he was making - that being cryptocurrency investment scams.

Given Mr K was in a live chat environment, speaking to a member of staff, I think Revolut ought to have done more to understand the context behind the transactions Mr K was making, through asking open ended and probing questions, and through being reactive to the information Mr K was giving at the time. However, having reviewed the live chat, I can see Revolut mostly asked closed questions, which largely required only one word answers from Mr K. It also seldom explained the context behind the questions it was asking. And when Mr K did provide answers, Revolut didn't probe things further. Had it taken appropriate steps and sought to gain a better understanding of the circumstances which led to Mr K making the payments, I think it would have been clear that Mr K was at a high risk of falling victim to a cryptocurrency investment scam and it should have warned him about this. I acknowledge that Revolut did attempt to give a warning about cryptocurrency scams during this intervention. It said;

"It is important to only purchase cryptocurrency from a reputable company. Scammers often use tactics to trick you into buying cryptocurrencies from fake websites and investment platforms.... Make sure any research you do is your own – fraudsters create convincing-looking posts on social media, or share articles about investing. If someone says you need to send money as a tax or fee to access your funds, you are being scammed.... Scammers use extremely sophisticated techniques to trick customers into making payments. If you are suspicious at all, do not continue with this transaction. If you still wish to make with [sic] similar payments, please confirm that you acknowledge Revolut will be unable to recover these funds, and any other funds, sent to this merchant if this is a scam or fraudulent transaction."

However, I'm not persuaded this warning did enough to bring to life the key features of these scams, or what they look and feel like. After all, Mr K was buying cryptocurrency from a reputable company (B), and I'd expect Revolut to know that such scams commonly involve funds being moved to a legitimate cryptocurrency account in the customer's own name before being passed to a fraudster. So, much of the start of the warning was largely not relevant. It also didn't elaborate on any of the sophisticated tactics used by fraudsters to trick consumers, nor did it set out clearly what steps Mr K ought to take to protect himself from falling victim to a scam, aside from the very general advice of 'do your own research'. All in all, I'm satisfied this warning wasn't good enough under the circumstances, and Revolut missed an opportunity to prevent Mr K's further losses.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr K suffered?

As I've already explained, Revolut intervened a number of times during the payments Mr K was making. But not once did it provide a targeted scam warning, tailored to cryptocurrency investment scams, covering off the key features of such scams in a way that would have resonated with Mr K.

Therefore I've seen no persuasive evidence that Mr K likely would have ignored this, had Revolut actually provided a warning of the manner I've described. Given such a warning should stand a better chance of breaking the spell than not, and as Mr K was not as far invested into the scam at this point, I think a warning of this nature more likely than not would have resonated with Mr K and he wouldn't have continued with the payments.

I can also see in the correspondence between Mr K and the scammer, that he expressed some of his own concerns on 19 January 2024, and even referenced an online 'scam check' website with negative reviews of other customers. This shows me Mr K was not blind to risk, and so I do think he would have taken heed of a targeted and tailored warning, had it been provided. And this would have prevented the further losses he suffered.

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

Revolut has made arguments that as Mr K was able to obtain a refund from B, the funds may have gone to his own account with B. Even if this were to be the case, and Mr K remained in control of his money after he made the payments from his Revolut account, and it took further steps before the money was lost to the fraudsters, this would not mean that Revolut would be absolved of all liability.

As I've set out in some detail above, I think that Revolut still should have recognised that Mr K might have been at risk of financial harm from fraud, and in those circumstances, it made further enquiries. If it had taken those steps, and given a suitable warning, I am satisfied it would have prevented the losses he suffered. The fact that the money used to fund the scam came from elsewhere and may not have been lost at the point it was transferred to Mr K's own account does not alter that fact and I think Revolut can fairly be held responsible for his loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr K has only complained against Revolut. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr K could instead, or in addition, have sought to complain against those firms. But Mr K has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Mr K's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr K's outstanding loss (subject to a deduction for Mr K's own contribution which I will consider below).

Should Mr K bear any responsibility for his losses?

In order to reach a fair outcome, I need to also consider whether Mr K's actions or inactions mean he should also bear some liability for his loss by way of contributory negligence. I acknowledge that there were elements of the scam which felt persuasive to Mr K. For example he was asked to provide identification in order to open his account, and he did receive some returns. However, taking into account the overall scam and what was being promised, I think he ought to have held some concerns about the requests being made of him. I say this because:

- *I think Mr K ought to have questioned the rate of return being too good to be true, given he thought he'd made £7,000 after a month.*
- *The fraudster drained his account when he refused to deposit further funds. This ought to have been a red flag and Mr K should have thought twice before continuing to deal with E.*
- *He was told E would match his £5,000 deposit and pay a £1,000 bonus on top of that, if he paid in further funds. This was a significant bonus and not proportionate to what Mr K had invested.*
- *There was no real reason given as to why he was to send the funds to C – an overseas company with seemingly no relation to E or cryptocurrency.*
- *I acknowledge Mr K checked reviews on a well-known online review site. But having checked these reviews myself, I can see only two reviews left in November 2023, the point at which Mr K first started investing. Whilst I accept these were both positive reviews, and the first negative review on this site was not recorded until February 2024, I don't think relying on only two reviews was reasonable, given this was a company Mr K had not interacted with before, and he found through an online ad.*
- *Had he completed further research, such as checking other review sites, he would have found a number of negative reviews, predating the positive ones he referred to, which said E was operating a scam. When Mr K did further due diligence later on in the scam, he referred to such negative reviews in his correspondence with the fraudster. Whilst I can see the fraudster dismissed this information as 'fake', I think Mr K ought to have done more to verify the investment, rather than simply ask E for validation.*

It's not in dispute Mr K is the victim, and I'm very sorry he lost this money. But I think the above red flags ought to have prompted a more cautious approach from Mr K. I've therefore concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr K in relation to his outstanding loss because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Customer service

I acknowledge Mr K's frustration that he couldn't speak to Revolut about his scam claim by phone. I've reviewed the in-app chat messages on 7 February 2024, and I'm satisfied Revolut responded to Mr K's messages to report the scam in a timely fashion. Most responses were sent within minutes. So I'm satisfied there was no delay to logging the scam claim.

I've seen evidence that shows Revolut did contact the international bank Mr K sent his funds to, within just over one hour of gathering the relevant information from Mr K to raise a scam claim. However, the recipient bank did not engage in this request. And as overseas banks aren't bound by the same rules and regulations as UK banks when it comes to recovering

funds sent as a result of a scam, I don't think Revolut could have done more to recover Mr K's funds from the beneficiary, even if it had reached out to them sooner.

When Mr K contacted Revolut the next day, the responses were a lot more delayed, and I can see he said he'd prefer a phone call. Revolut said it would submit a request for a call, but Mr K was disappointed when he didn't receive a phone call. I think Revolut could have made it clearer that a request had only been submitted – and the call back had not been confirmed. On 9 February 2024, Mr K confirmed he'd not been called and Revolut did say he would receive one soon but from what I can tell from the evidence, he didn't receive one. It appears he requested a call back on 14 February 2024, but again didn't receive one.

On 9 February 2024, Revolut told Mr K via the in-app chat that it was declining his claim and said it might take up to 21 calendar days to attempt to recover his funds from C. However, when Mr K got back in touch on 16 February 2024, Revolut gave the same message about declining his claim and having 21 days to recover Mr K's funds. Whilst I wouldn't expect a firm to provide daily updates during a scam claim, I can see why Mr K found it frustrating to be sent the same message from Revolut repeatedly.

Finally, Mr K seemed to have great difficulty when asking Revolut for help with a refund from B. He wanted to know if B could issue the refund to a cancelled card, but Revolut said it would escalate this and take 24 hours to respond. This was a simple query, and I don't think it was reasonable to ask for 24 hours to answer this question. When Mr K asked this question to a different agent on 14 February 2024, he was eventually given an answer to this question. It seemed to take Mr K a disproportionate amount of work and effort, to get a response to this question from Revolut.

Overall, I think Mr K has been caused unnecessary frustration due to Revolut's handling of his claim and post-scam interactions, and so I think it ought to pay £150 compensation for the distress and inconvenience caused.

Putting things right

As I've explained, had Revolut done more during the intervention on payment 4, I think this likely would have prevented Mr K's further losses. However, Mr K was able to obtain a refund from B for the card payments he made to B, which means there is no loss in relation to payments 1-3, or payments 4, 5 and 6 as these were all unsuccessful.

Instead, the outstanding loss pertains to the two international transfers Mr K made on 22 and 24 January 2024. I've listed these below:

- £4,939.14 + £39.39 fee = £4,978.53*
 - £6,898.09 + £68.98 fee = £6,967.07*
- Total = £11,945.60*

However, I have seen evidence that Mr K received a number of returns from C into his external account with Bank H, totalling £1,201. And so, I've factored these returns in, when considering the amount Revolut ought to refund. I've listed these returns below:

- £101 credited on 6 December 2023*
 - £500 credited on 7 December 2023*
 - £600 credited on 29 December 2023*
- Total = £1,201*

I've therefore deducted these returns from the sum of the final two payments, which are yet to be refunded, leaving a total outstanding loss of £10,744.60. And, as I've explained, I'm persuaded Revolut can fairly reduce this refund by 50%. So I'd be asking Revolut to refund a loss of £5,372.30.

My provisional decision

For the reasons set out above, I intend to uphold this complaint about Revolut Ltd and instruct it to:

- *Refund 50% of Mr K's outstanding loss, which I calculate to be £5,372.30*
- *Pay 8% simple interest per year on this amount, from the date the payments debited his account, until the date the refund is settled (less any tax lawfully deductible)*
- *Pay £150 compensation to reflect the poor customer service Mr K experienced*

Revolut did not respond to my provisional decision. Mr K made a number of comments in response, largely disputing that he should share liability for his losses by way of contributory negligence. I've summarised his arguments below:

- Mr K believed he was dealing with a legitimate company based on his initial due diligence, including detailed reviews of multiple firms. He was not careless.
- Mr K checked reviews for both S and B and found them to be positive and genuine. He checked multiple online review sites for E and only found negative reviews a month after he'd signed up.
- He sent the funds to C because E requested it.
- Mr K said he would accept the provisional decision if I was unable to change it.

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've weighed up the further comments made by Mr K, but these do not persuade me to depart from the findings of my provisional decision.

I appreciate Mr K feels strongly that he did take reasonable steps to check that he was dealing with a legitimate company, when he invested with E. But, largely for the same reasons I've explained in my provisional decision, I still think he ought to have held concerns about the requests being made of him.

I do acknowledge that Mr K looked into S and B - and I can understand why transacting with legitimate firms might have persuaded him that overall he was making a genuine investment. However, it was E that Mr K was ultimately sending his funds to (or so he believed). And, as I've set out, there were multiple negative reviews online about E pre-dating the positive reviews Mr K says he saw.

And in light of the overall implausibility of what he was being promised, specifically incredibly high returns in a short time period, as well as generous account bonuses, and being asked to pay an entirely unrelated account belonging to C with no explanation, I still think Mr K had sufficient reason to doubt the legitimacy of the investment he was involved with.

For all of these reasons, and those explained in my provisional decision, I still think it's fair for Revolut to reduce the amount of redress it pays in relation to Mr K's outstanding loss, by 50%.

Putting things right

I now direct Revolut to:

- Refund 50% of Mr K's outstanding loss, which I calculate to be £5,372.30
- Pay 8% simple interest per year on this amount, from the date the payments debited his account, until the date the refund is settled (less any tax lawfully deductible)
- Pay £150 compensation to reflect the poor customer service Mr K experienced

My final decision

For the reasons set out above and before in the provisional decision, my final decision is that Mr K's complaint about Revolut Ltd be upheld in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 3 January 2025.

Meghan Gilligan
Ombudsman