

The complaint

Mr R complains that Revolut Ltd didn't refund him the money he lost, to what he believed to be an Authorised Push Payment ("APP") investment scam.

In bringing his complaint to this service Mr R is represented, but for ease of reading I will refer to Mr R, in the main, throughout this decision.

What happened

The background to this complaint is well known to all parties and has been laid out in detail by our Investigator in their view, so I won't repeat it all again here. But in summary, I understand it to be as follows.

In September 2022, Mr R made a payment for \$11,437.46, from his Revolut account to what he thought was an investment opportunity, but which he now believes is a scam. He says he was introduced to the investment, which I'll refer to as "T", by a friend, who he had known for a number of years.

Mr R has said that T was regulated in another jurisdiction in the EU. He said that before investing, he engaged with T's representatives and thoroughly investigated the people he was interacting with online and on Companies House and found no issues. Alongside this Mr R has said he had conversations with an account manager and saw people getting returns, which checked out against what the market was doing. As well as this Mr R said the licence T held by the financial regulator, in another country, made it convincing.

He's explained that T later converted funds into its own cryptocurrency coin, without his knowledge and it then became worthless, which has led him to believe that he has been the victim of a scam.

Mr R raised the matter with Revolut, but it didn't agree to uphold his complaint. In summary, it said that insufficient information had been received for it to be able to validate that a scam had taken place and that this was most likely a civil dispute. It added that it had provided warnings to Mr R when the payment was set up.

Unhappy with Revolut's response, Mr R brought his complaint to this service. One of our Investigator's looked into things, but didn't think the complaint should be upheld. In summary, it was our Investigator's view that there was insufficient evidence to say Mr R's funds were lost to a scam. But, even if she was able to evidence that this was a scam, she didn't think Revolut should be held liable.

She said this because she didn't think the payment Mr R made, would have appeared as unusual to Revolut, given how Mr R typically ran his account. She added that even if Revolut's intervention had gone further, she didn't think it would have stopped Mr R progressing with the payment, as he had done his research and thought this was a legitimate investment. Our Investigator also didn't think Revolut had missed an opportunity to recover the money from the beneficiary account (the account to which the payment was made).

Mr R didn't agree with our Investigator's view. In summary he maintained that his complaint should be upheld, and that T was operating a scam.

As agreement couldn't be reached, the complaint has been passed to me for a final decision.

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.

Mr R has made some detailed submissions in support of his complaint. I've read and considered everything he has sent in, but I don't intend to respond in similar detail. 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.

I've decided to not uphold this complaint for materially the same reasons as our Investigator.

Mr R says he's been the victim of a scam and that Revolut ought to have intervened on the payment he made in 2022, which he is now disputing. I can see that T is incorporated in an overseas jurisdiction and it is regulated by that jurisdiction's regulator. I also note that T was named on investor alert lists by two overseas regulators prior to Mr R's payment. And in 2023, T's regulator took steps to address management issues and shareholder influence.

While regulatory requirements can vary from one jurisdiction to another, a scammer is highly unlikely to submit itself to any kind of regulatory oversight, given the real risk of its true purpose being discovered. T may not have been regulated to offer its services in the UK at the time of Mr R's payments, but that doesn't automatically mean that it was set up to defraud customers.

Mr R's representative strongly believes that T was operating a scam and has provided detailed submissions in support of this. While I appreciate the representative would like me to make a conclusive finding on this point, I don't think it's necessary to do that in this case. This is because even if I were to accept that Mr R was scammed, I'm not persuaded that Revolut could have prevented Mr R's payment. I'll explain why.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. But that isn't the end of the story. Good industry practice required that Revolut be on the lookout for payments that were out of character or unusual to the extent that they might have indicated a fraud risk. On spotting such a payment, I'd expect it to intervene in a manner proportionate to the risk identified.

I've reviewed the activity on Mr R's account statements, from which the payment was made, for the months leading up to the scam. This isn't always a straightforward matter, and Revolut has a difficult balance to strike in how it configures its systems to detect unusual activity or activity that might otherwise indicate a higher than usual risk of fraud while not unnecessarily disrupting legitimate payments.

In the individual circumstances of this complaint, it is finely balanced as to whether the payment Mr R made would reasonably have alerted Revolut that he may have been at risk of financial harm. I say that as Mr R has historically made large transactions on his account and just the day before had made a transaction for a similar amount.

However, even if I thought Revolut's intervention could have been better and gone further than it did, I'd also need to be persuaded that the intervention would have made a difference and prevented the payment from being made. Of course, I can't be sure what would have happened if Revolut had probed further. In such circumstances, I have to base my outcome on the balance of probabilities, that is, what I consider is more likely than not to have happened, based on the evidence presented to me. Having thought about things carefully, I'm not persuaded that a different intervention by Revolut would have made a difference and prevented Mr R's loss.

I've thought carefully about whether it's likely Mr R would have stopped making the payment if he'd received a tailored warning telling him about the common features of investment scams. Having done so, I agree with the Investigator's assessment that this would have been unlikely to have uncovered and stopped the scam.

In saying this, I'm mindful that what was happening here didn't bear many of the hallmarks of a 'typical' investment scam. For example, Mr R wasn't approached online by somebody he didn't know. Rather he was introduced to the investment by a friend. Alongside this, T was regulated by a financial services regulator. So, if an appropriate warning had been provided, it's not clear Mr R would have recognised his situation or that it would have resonated with him.

I've also thought about what would have happened if Revolut's intervention had extended to contacting Mr R and discussing the payment with him, before allowing it to progress. There is no evidence to suggest that Mr R wouldn't have been honest about the reason he was making the payment, so I think it would have come to light that Mr R was making an investment and that the investment had been introduced to him by a friend who he had known for a number of years.

I think at most it would have been reasonable for Revolut to have suggested Mr R carry out research on T before making the payments. But Mr R had already carried out research and had further confidence that T was legitimate, based on the research that he'd carried out. So, I don't think the answers Mr R would have given Revolut, would likely have caused it to be concerned that he may be at risk of financial harm.

Finally, given the length of time (September 2022 until December 2023) between the payment being made and Mr R approaching Revolut, alongside the fact that Mr R has explained the beneficiary account was the receiving account for the investment, I don't think anything Revolut did or didn't do would've impacted whether a recovery could've been made. I think it's more likely than not that any recovery efforts were destined to fail after such a long period of time and that the funds would have been moved on.

In summary, I know that Mr R will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for the loss he alleges.

My final decision

For the reasons explained 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 R to accept or reject my decision before 5 August 2025.

Stephen Wise
Ombudsman