

The complaint

Mr G is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr G fell victim to a cruel investment scam. He says he was introduced to the idea of cryptocurrency investing by a former partner. After seeing online presentations claiming to offer investment services, he made the following transfers from his existing Revolut account (opened in April 2020):

No.	Date	Amount £	Payee
1	14 Dec 2021	3,853	Mr A
2	18 Dec 2021	3,869	Mr A
3	7 Mar 2022	7,859	Mr L

Our investigator didn't recommend the complaint be upheld. He didn't think payments 1 and 2 should have alerted Revolut to the possibility Mr G may be at risk of harm from fraud such that any further intervention was necessary. In respect of payment 3, he didn't think there was sufficient evidence to show this payment was part of a scam.

Mr G didn't accept the investigator's assessment. His representative argues the payments were for large amounts and to new payees and should have been viewed as irregular by Revolut. It should then have contacted Mr G to ask questions about the payments that would have led to the scam being uncovered.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was 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 a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr G authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr G.

Payments 1 and 2

These payments went to the individual account of Mr A. Before processing payment 1, because this was to a new payee, Revolut has said it showed Mr G a warning screen asking him to confirm that he knew and trusted the payee before proceeding. When he confirmed he wished to continue with the payment, no further intervention was attempted.

One of the key features of a Revolut account is that it facilitates payment transfers that often involve large amounts. Having considered what Revolut knew about these payments at the time it received Mr G's instructions, I'm not persuaded it ought to have been particularly concerned about them. While the payments were going to a new payee, Mr G had transferred money using his Revolut account before and the amounts weren't so significant that I think Revolut should have viewed them as out of character with previous account activity.

Mr G's representative has provided details of various warnings from around the world indicating the investment Mr G thought he was making was a scam. But the payments went to the account of an individual and the investment wasn't named, meaning Revolut wouldn't have known this was their purpose. I am aware the FCA issued a warning about Mr A's company, but this was later in 2022 and after all of the payments highlighted in this complaint had been made.

I must take into account that many similar payment instructions received by Revolut will be entirely legitimate. And based on the circumstances in this case, I don't think there were sufficient grounds for Revolut to think that Mr G was at risk of financial harm from fraud when he made the payments and I can't say it was at fault for processing them in line with his instructions and without intervening further in the process.

Payment 3

Revolut has provided records showing this payment was initially declined due to potentially suspicious activity. It says it then showed Mr G the following warning:

Review transfer

Our systems have identified your transactions as highly suspicious. We declined it to protect you.

If you decide to make the payment again anyway, you can, and we won't decline it. As we have warned you this transaction is highly suspicious and to not make the payment, if the person you pay turns out to be a fraudster, you may lose all your money and never get it back.

You can find out more about how to assess this payment and protect yourself from this link:

Payment 3 went to the individual account of Mr L. As the investigator pointed out, there's a lack of evidence to confirm this was part of a scam. Mr G has very little information remaining from the time of the payments. What he has been able to provide clearly shows Mr A (the recipient of payments 1 and 2) was linked to the investment scam, but there's nothing relating to Mr L. Mr G has said that Mr L appeared on video presentations with Mr A and that Mr A spoke about him a lot, but unfortunately none of this evidence is available.

But even if it was accepted that payment 3 was part of the scam, I don't think Revolut needed to intervene further than it did. This payment was larger than payments 1 and 2 but there were no other clear signs of fraud, for example the money wasn't going to a cryptocurrency exchange or to the account of a business with known links to fraud. And the payment was made several months after payments 1 and 2 and to a different payee.

Based on what it knew about this payment, including the amount and destination, I'm satisfied Revolut's intervention was broadly proportionate to the risks it presented. I don't think a human intervention of the type Mr G's representative seems to believe should have been attempted was warranted on this occasion. So, when Mr G attempted to make the payment for a second time, I can't say Revolut was at fault for processing it in line with his instruction.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr G's losses once it was aware that the payments were the result of fraud.

I understand Mr G first notified Revolut of the fraud in March 2024, two years after the last payment. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Revolut could have done differently would likely to have led to those payments being recovered successfully after this period of time.

In conclusion

I want to be clear that it's not my intention to suggest Mr G is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

I recognise Mr G has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Revolut acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

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 G to accept or reject my decision before 31 March 2025.

James Biles
Ombudsman