

The complaint

Mr C complains that Revolut Ltd (“Revolut”) won’t reimburse losses he incurred as the result of a scam.

What happened

The background to this complaint is well known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

Mr C discovered an investment opportunity having received a recommendation from a friend. Mr C’s friend explained how the investment worked and showed Mr C that he’d made significant withdrawals. Mr C carried out further research into the investment company (further referred to as Company A) and, satisfied with what he’d seen, decided to invest his funds. Mr C made payments from his Revolut account towards the investments totalling £28,376.77, according to his own calculations, between September 2022 and February 2023.

In order to deposit his funds into his own account with Company A, Mr C was first required to send funds to other investors who then transferred US Dollars funds to his investment account with Company A. Some payments were also made via cryptocurrency exchanges in order to fund Mr C’s account with Company A.

In 2023, citing internal and regulatory troubles, Company A liquidated Mr C’s account and exchanged the funds into its own cryptocurrency. Mr C says that this cryptocurrency is now worth next to nothing and that he’s been the victim of a scam.

In early 2024, via a professional representative, Mr C made a formal complaint to Revolut and requested they return his losses as he’d been the victim of a scam. Revolut investigated the matter but declined to refund Mr C’s losses on the basis that they provided sufficient scam warnings for the transactions, did everything they could to recover the funds and didn’t have reasonable grounds to believe the transactions were suspicious. Unhappy with this response, Mr C referred his complaint to our service.

An investigator looked into Mr C’s complaint but didn’t uphold it as they didn’t feel that any intervention from Revolut at the time of the transactions would’ve prevented Mr C from proceeding with the payments. They were also satisfied that Revolut did what they could to recover Mr C’s funds once they were made aware of his losses.

Mr C disagreed with this outcome and provided further evidence and arguments including, but not limited to, the following:

- Appropriate questioning by Revolut at the time of the transactions would’ve uncovered the scam and prevented Mr C from continuing with the payments.
- There were numerous online articles and reviews, which would’ve been available at the time of the payments, showing concerning information relating to Company A.
- Company A was regulatory overseas rather than by the Financial Conduct Authority (FCA) which ought to have caused concern. Further, the overseas regulators which

did grant Company A regulated status are known for having less stringent regulatory standards than other jurisdictions.

As the complaint couldn't be resolved by the investigator it has been passed to me for a 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 C has provided detailed submissions to our service in relation to this complaint. In keeping with our role as an informal dispute resolution service, I will focus here on the points I find to be material to the outcome of Mr C's complaint. This is not meant to be a discourtesy to Mr C and I want to assure him I have considered everything they've submitted carefully.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be 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.

Here it's not in dispute that the payments were authorised, so the starting position is that Revolut isn't liable for the transactions.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their 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 interest of its customers and to follow good industry practice to keep customer's 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 C.

In this case, Mr C has made detailed representations in order to demonstrate that Company A was operating a scam.

At the time Mr C made the disputed payments, Company A were regulated by a financial services regulator in an overseas territory. Though the regulation of companies can vary between different jurisdictions it does seem to be unlikely that a fraudulent company would seek to obtain the regulatory status from a financial regulator given the questions likely to be asked of it and the potential for any fraudulent behaviour to be exposed.

Mr C has cited the fact that Company A did not have the relevant regulatory status to offer their services within the United Kingdom, which they were doing. I'm also aware that alerts

were published by the International Organization of Securities Commissions (“IOSCO”) regarding Company A were acting fraudulently. While I accept that this information can indicate poor business practice by Company A, this doesn’t definitively demonstrate that they were operating fraudulently.

Overall, I’m not persuaded that Mr C has demonstrated that Company A were acting fraudulently.

Mr C argues that Revolut would’ve identified he was falling victim to a scam had they intervene at the time he was making the disputed payments. So, for completeness, I’ve considered whether Revolut could’ve, or should’ve, prevented Mr C’s loss at the time of the payments.

Taking the circumstances of the payments into account, I don’t believe Revolut could’ve prevented Mr C’s loss for the following reasons:

- At the time of the payments from his Revolut account, Mr C had already invested from other bank accounts he held and had seen his investments perform well. This would not only have reassured Mr C, but had Revolut asked Mr C about the investment, this information would’ve reassured them that it was legitimate.
- As referenced previously, Company A were regulated by a financial regulator in an overseas territory. Mr C had also received evidence of Company A’s regulatory license directly from Company A.
- Mr C was recommended the investment opportunity by a friend and this party had seen their investments perform well. Mr C was also able to speak to a large number of other investors through an online website.
- Mr C had carried out online reviews of Company A and couldn’t find any negative information at the time he began investing.

Given the information referenced above and the information available about Company A at the time, I’m not persuaded Revolut would’ve identified that Company A were operating fraudulently or that they ought to have refused Mr C’s payment instruction.

Further to this, given the checks and information available to Mr C, I’m not persuaded that any additional checks that he could’ve carried out at the time of the payments would’ve led to him discontinuing with the payments.

Lastly, I’ve considered whether Revolut did what they should have when they were made aware of Mr C’s claim that he’d fallen victim to a scam. Despite being made aware of the scam in October 2023, Revolut contacted the beneficiary bank in December 2023. I can see from the beneficiary account information that Mr C’s funds wouldn’t have been recoverable even if Revolut had acted promptly on being notified. So, whilst I believe Revolut ought to have contacted the beneficiary bank sooner than they did, I can’t say that it would’ve resulted in a return of Mr C’s funds.

Based on everything I’ve seen, I’m not satisfied that Revolut could have, or should have, prevented the payments at the time they were being made. Furthermore, I don’t think any action taken by Revolut at the time Mr C made them aware of the scam would’ve resulted in the return of his funds.

Overall, I’m not persuaded that Mr C has fallen victim to an APP scam, based on the evidence available. Should any material new evidence come to light at a later date, for example from the police or a financial regulator, Mr C can ask Revolut to reconsider his claim.

I appreciate this will be disappointing to Mr C, given the impact this situation has had on him, but I'm unable to say that Revolut are liable to reimburse his loss.

Lastly, I've considered whether Revolut did what they should have when they were made aware that Mr C had fallen victim to a scam. I can see that Revolut contacted the relevant beneficiaries in an attempt to recover Mr C's funds. Unfortunately, these attempts were unsuccessful as Mr C's funds were no longer in the accounts.

Based on everything I've seen, I'm not satisfied that Revolut could have, or should have, prevented the payments at the time they were being made. Furthermore, I don't think any action taken by Revolut at the time Mr C made them aware of the situation would've resulted in the return of his funds.

My final decision

My final decision is that I don't uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 2 October 2025.

Billy Wyatt
Ombudsman