

The complaint

Mr V 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 V fell victim to a cruel investment scam. After responding to an advert on social media, he was contacted by the scammer who said he'd act as his financial manager and advise him on what trades to make. Mr V says he was then signed up to a fake trading platform that appeared to show trades being carried out and profits generated on his behalf.

Mr V opened a Revolut account to fund payments to the scam. Between June and August 2023, he made the following transfers that were lost:

No.	Date	Amount £
1	9 Jun	4,000
2	13 Jun	2,000
3	19 Jun	4,000
4	29 Jun	4,800
5	12 Jul	5,650
6	27 Jul	4,010
7	17 Aug	8,500

I understand the payments went to a cryptocurrency exchange before being transferred to the scammer's wallet. Mr V says he was told the last payment was a fee he needed to pay to withdraw his profits and he realised this was a scam after he made the payment and didn't get any money back.

Our investigator recommended the complaint be upheld. She felt Revolut should have contacted Mr V to discuss the payment and that the scam would most likely have been stopped if it had.

Mr V accepted the investigator's assessment. Revolut didn't and has made the following key points in defence of this complaint:

- These payments weren't unusual for this type of account.
- The payments went to an account in Mr V's own name, meaning the scam didn't occur on its platform.
- Mr V transferred money into his Revolut account from another account with an external bank. We should consider any interventions that bank might have carried out.
- Mr V was guilty of negligence and a lack of due diligence when he decided to 'invest' and ignored the warnings he was shown.

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

There's no dispute that Mr V authorised the above payments. 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.

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 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. 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;
- 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;
- have been mindful of – among other things – common scam scenarios, how 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.

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

Did Revolut recognise that Mr V was at risk of financial harm from fraud and what did it do to warn him?

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and/or the purchase of cryptocurrency. I'm also conscious this was a new

account and there was no history of past activity against which these payments might have looked suspicious.

Nonetheless, Revolut has said its systems identified payment 1 as higher risk. Given the amount involved and the fact it was going to cryptocurrency, I think it was right to ask further questions.

Revolut says it asked Mr V to confirm the reason for the payment and, from a range of options that included *'investment'*, he selected *'transfer to a safe account'*. It then says he was shown a series of warning screens about safe account scams that included:

Are you being scammed?

Financial institutions won't ask you to move money to a safe account, download software to allow them to access or view your device, ignore warnings, or share sensitive info.

When Mr V went on to select that he wanted to continue with the payment, no further intervention was attempted. Revolut has also confirmed that it didn't intervene in payments 2 to 7.

What kind of warning should Revolut have provided?

Once Mr V had reviewed the safe account scam warning and opted to carry on with the payment, I think Revolut should have recognised the risk of him being scammed was very high. If he did genuinely think he was moving money to a safe account because his had become unsafe in some way, that would almost certainly have meant he was being scammed. Alternatively, if he'd knowingly given a false reason for the payment, Revolut should have been aware that this is a common hallmark of scams as victims are often asked to hide the real reason for the payments they make.

Either way, I think Mr V's response to Revolut's intervention should have made it more concerned, rather than less concerned, that he was being scammed than it was when it initially received his instruction.

Having thought carefully about the risks payment 1 presented, I believe a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances of the payment. It could have done this by directing him to its in-app chat to discuss the payment further for example.

If Revolut had intervened as I've described, would that have prevented the losses Mr V suffered from payment 1?

Mr V admits he selected the safe account option from the list of payment reasons he was presented with because this is what the scammer told him to do. If he'd been asked relevant open and probing questions about the payment by an appropriately skilled Revolut agent, I don't think any story about moving money to a safe account would have stood up to scrutiny and he'd have had to give another reason.

If the agent had also explained that scammers often encourage their victims to hide the real reason for making payments, I think it's likely that Mr V would have been more inclined to be honest about what was going on. Beyond being told to select the safe account option, I've seen no evidence in the history of his online chats with the scammer or anywhere else to indicate he was coached beyond this or given a more elaborate cover story to tell.

I'm also conscious this was right at the start of a scam and any trust in the scammer and the influence he could exert at this point was likely to be less than it later became as the scam progressed. I think this is evidenced in the history of Mr V's chats with the scammer that appears to show he did have some doubts at the start and initially declined to make an investment on 8 June because *'it does not feel right to me'*.

On balance, I think one of Revolut's agents should have been able to establish that Mr V actually believed he was making an investment. And appropriate follow-up questions should have been able to establish that he'd responded to an advert he'd seen online that promised extremely high returns, he'd been asked to download screen-sharing software, guided through the process of setting up accounts with Revolut and the fake investment platform that appeared to show details of his trades by someone he'd never met, and told to invest using cryptocurrency and then transfer that out of his control.

Armed with this information, Revolut's agent should have been able to identify Mr V was likely falling victim to an investment scam. They could then have explained this and shown him an appropriate tailored warning setting out the common features of investment scams, including those listed above. If Mr V had received such a warning, I think it's likely he'd have recognised that many features applied to his own situation and that it would have resonated with him and his eyes would have been opened to the scam. On balance, particularly given the doubts he'd already expressed to the scammer, I find the most likely outcome is that he'd have opted not to continue with the transfer at that point.

I think it follows that if the scam had been uncovered at the point of payment 1, payments 2 to 7 would also have been prevented.

What about the actions of Mr V's bank?

This was a multi-stage fraud that saw Mr V move money from his bank to Revolut and then eventually onto the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted the bank to establish if it attempted any kind of intervention before transferring money to Revolut.

In response, Mr V's bank has confirmed it didn't intervene in any of the payments to his Revolut account beyond showing system-generated and generic scam warnings that weren't tailored to the type of scam that was taking place. It also confirmed that it hasn't received a complaint from Mr V about its role in payments to the scam.

On balance, I don't think there was any intervention by Mr V's bank that should particularly have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances with which he was faced.

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

I have taken into account that Mr V remained in control of his money after making the payments from Revolut. His money wasn't lost until he took further steps. But Revolut should still have recognised he was at risk of financial harm from fraud, made further enquiries about payment 1 and ultimately prevented his loss from that point. I think it can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr V has chosen not to pursue a complaint about any other firm and I

can't compel him to do so. And, I don't think it would be fair to reduce his compensation because he's only complained about one firm, as I consider Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I haven't referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I don't intend to comment on it. I note Revolut says it hasn't asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it's asking me to consider all of the facts of the case before me when considering what's fair and reasonable, including the role of all the other financial institutions involved. I'm satisfied that's what I've done.

Should Mr V bear any responsibility for his losses?

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances. While I accept Mr V believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one for the following reasons:

- His representative has said all communication was carried out online and that he didn't receive any documentation related to the 'investment', which I think he should have considered was unusual.
- It's also said that he didn't carry out any research into the company because he was convinced by the advert he first saw. Given the amount of money he was proposing to invest, I think it's reasonable to think he would have done some research into the company, particularly if he hadn't received any documentation.
- In addition, it appears he was having some doubts at an early stage. In addition to his comments to the scammer on 8 June that I've already mentioned, Mr V's representative has said he didn't agree to the suggestion of downloading screen-sharing software as he wasn't comfortable with this. Despite these apparent doubts he went ahead and invested.
- His representative has also said he was told the last payment was a fee he needed to pay to access his money. But there's no indication he'd been told about costs to withdraw previously.

In the circumstances, I think Mr V ought to have proceeded only with great caution. If he'd carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

Recovery of funds

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

Revolut says it first became aware of the fraud when it received Mr V's complaint in January 2024, several months 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 it's not surprising that Revolut's attempts to recover the money weren't successful after this period of time.

Further, Mr V transferred funds to an account in his own name from where it was moved to the scammer. Revolut could only try to recover funds from his own account and it appears the money had already been moved on and, if not, anything that was left would still have been available to him to access.

In the circumstances, I don't think anything that Revolut could have done differently would likely have led to these payments being successfully recovered.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr V and I'm upholding this complaint. If it had carried out an appropriate intervention before payment 1 debited his account, I'm satisfied payments 1 to 7 would have been prevented.

Putting things right

The principal aim of any award I make must be to return Mr V to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr V would have retained the money that was lost from payments 1 to 7. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr V's own contribution towards the loss.

To put things right, Revolut should pay Mr V compensation of $A + B$, where:

- A = a refund of 50% of each of payments 1 to 7; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr V for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr V with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Mr V's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 19 August 2025.

James Biles
Ombudsman