

The complaint

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

What happened

Sadly, Mr L fell victim to a cruel investment scam. After responding to an advert on social media about making returns from trading in cryptocurrency, Mr L says he was contacted by the scammers. He was then told to download remote access software so they could help him set up accounts with Revolut and a cryptocurrency exchange. He was also set up with an account on a fake platform that appeared to show trades being made and profits generated on his behalf.

In December 2022 and January 2023, Mr L made the following card payments to various cryptocurrency exchanges, after which I understand the currency was purchased was transferred to the scammers:

No.	Date	Amount £
1	1 Dec	475
2	12 Dec	3,704.55
3	20 Dec	9,495.68
4	21 Dec	8,527.57
5	22 Dec	4,277
6	18 Jan	6,100

From Mr L's account, it appears payment 6 was a fee he was told he needed to pay to withdraw his money. The payments were mostly funded by two loans that Mr L intended to repay with the profits he expected to make.

Our investigator recommended the complaint be partly upheld. He concluded that Revolut should have intervened to ask about the reasons for the payment 3 and provide relevant warnings that he felt would have stopped the scam at that point. He recommended Revolut refund payments 3 to 6 with a deduction for Mr L's contribution to his loss.

Revolut didn't accept the investigator's assessment. It's made the following key points in defence of this complaint:

- The payments were authorised and it had a responsibility to process them without undue delay.
- The payments weren't unusual for this type of account.
- The payments went to an account in Mr L's own name, meaning the fraud didn't occur on its platform.

- Mr L transferred the money for these payments to Revolut from external bank accounts. We should consider any possible fraud interventions by the banks at the time.
- Mr L was negligent in allowing a third party to access his device and making the payments without carrying out appropriate due diligence.
- Mr L should also have questioned whether it was normal practice for a legitimate business to encourage customers to take loans to fund high-risk investments.
- We should also consider the process by which the loans were issued, including whether the lenders enquired about the purpose of the borrowing. As lenders don't normally provide loans for investment purposes, it may be that they were misled. This would be classified as loan fraud and implies a significant willingness to deceive on Mr L's part. Further, the lenders are the party that has truly suffered a loss. By asking Revolut to refund this amount, we'd actually be ordering it to refund the lenders for amounts they inexplicably gave during the commission of a fraud. In this case the responsibility for this part of the loss should lie with either Mr L or the lenders, not Revolut.

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 L authorised these 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 L.

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

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or the purchase of cryptocurrency. I must take into account that many similar payment instructions it receives will be entirely legitimate. 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. Finally, I also need to consider Revolut's responsibility to make payments promptly.

On the other hand, Revolut knew these payments were going to cryptocurrency exchanges. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what Revolut knew about payments 1 and 2 at the time, I'm not persuaded it ought to have been particularly concerned. In addition to the fact this was a new account, the amounts involved were relatively low and I don't think a pattern of multiple and rapid payments consistent with many known types of scam had begun to emerge. In the circumstances, I don't think there were sufficient grounds for Revolut to suspect Mr L was at risk of harm from fraud and I can't reasonably say it was at fault for processing the payments in line with his instructions.

However, payment 3 was for a much larger amount and it was also Mr L's third payment to cryptocurrency in a relatively short space of time. I'm also conscious that each of these payments was immediately preceded by an equivalent deposit into the account and this is another pattern seen in many types of scam. On balance, I think this is the point when Revolut should have identified Mr L may be at risk of harm from fraud and taken steps to intervene in the payment process.

What did Revolut do to warn Mr L?

Beyond asking Mr L to confirm each time he sent money to a new beneficiary that he knew and trusted that payee, there's no evidence of any intervention by Revolut in any of these payments and it's my understanding that none was attempted.

What kind of warning should Revolut have provided?

Having thought carefully about the risks payment 3 presented, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to leave Mr L's account. I think it should have done this by, for example, directing him/her to its in-app chat to discuss the payment further. It would then have been able to provide a relevant and appropriately tailored scam warning.

If Revolut had intervened as I've described, would that have prevented the losses Mr L suffered from payment 3?

While there's no evidence to show Mr L was coached by the scammers on how to respond or given a convincing cover story to tell if he was asked by Revolut about the payments he was making, I'm conscious the loan applications didn't reveal the true purpose of the lending - they said he was borrowing money for home improvements. In the circumstances, I understand why Revolut may think Mr L wouldn't have answered any questions it asked him truthfully either. But I can't know for certain how Mr L would have answered any questions from Revolut as none were asked.

Either way, I think Revolut should have identified that a pattern of increasing payments to cryptocurrency meant the most likely type of scam that could be taking place was an investment scam, and I think it should have provided a tailored warning setting out common features of this type of scam. These could have included for example that scammers often advertise on social media, promise extremely high returns, ask victims to download remote access software, set them up with accounts on professional-looking fake platforms, encourage them to hide the real reason for the payments they're making, and ask for fees and taxes when they try to withdraw money.

If Mr L had received such a warning, I think he would have recognised many of these features in his own situation. On balance, I think the most likely outcome is that his eyes would have been opened to the scam and he'd have decided not to go ahead with the payment. In reaching this conclusion, I'm particularly conscious that the history of his text chats with the scammers show that as early as 20 December - the same date as payment 3 - Mr L told them he was '*very concerned*' and that '*I think you have scammed me*'. I find that it's likely a relevant tailored warning such as I've described would have confirmed the doubts he was already clearly having.

I think it follows that if the scam had been uncovered at the point of payment 3, payments 4 to 6 would also have been prevented.

What about the actions of Mr L's banks and the lenders?

This was a multi-stage fraud that saw Mr L move money from his banks to Revolut and then eventually to the scammers. This complaint is about Revolut and it's not appropriate for me to comment here on whether or any other business 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 Mr L's banks and the lenders to establish if they attempted any kind of intervention before transferring his money to Revolut or advancing a loan.

One of Mr L's banks says he was asked to confirm the reason for some of the transfers to Revolut and he said he was transferring money to another of his accounts. In response, it says was shown a warning about safe account scams. Beyond this, there's no record of any further attempted interventions by either bank. The lenders have confirmed they didn't provide any scam warnings, most likely because they had no reason to question the money was being borrowed to fund home improvements.

On the basis of these submissions, I don't think there was any intervention by any of these businesses that should particularly have alerted Mr L to the fact he was speaking to scammers or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances.

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

I have taken into account that Mr L remained in control of his money after making the payments from Revolut. It 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 3 and ultimately prevented his loss from that point. I think Revolut 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 L 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 that Revolut should have prevented the loss.

Revolut has referred to an Administrative Court judgment that was mentioned 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 that 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, and I'm satisfied that's what I've done.

What about the personal loans?

I've thought carefully about the loans taken by Mr L and any impact this has on the outcome of the complaint. To provide context to my comments, the lenders have confirmed that the balances remain payable by Mr L and haven't been written off.

Before going any further, I think it's relevant to note that Mr L is responsible for repaying the loans and any interest so I don't think Revolut's concerns that it's effectively being asked to compensate the lender have any merit.

This notwithstanding, it does seem there was intent to mislead the lenders and that's clearly not conduct I wish condoned. Although, in Mr L's defence, it seems the loan was taken at the instigation of the scammers rather than being his own idea and that he believed this money would generate significant profits that he intended to use these to repay the amounts borrowed. But whatever his intentions, the lenders are the victims of any misrepresentation and they have the ability to take further action if they choose to do so.

In respect of the lenders' actions in agreeing the loan, we don't have regulatory powers and it's not our role to drive higher standards of due diligence amongst lenders. Further, I don't think any questions about their conduct and the care taken in making the lending decisions are relevant to the issue of whether Revolut should have prevented Mr L's losses from the scam. Further, Revolut knew more about how the money was really being used and was therefore in a better position than the lenders to stop the scam.

Taking all of these points into account, I don't believe it would be fair or proportionate to deny Mr L reimbursement because he obtained loans under false pretences.

Should Mr L 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 L believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one throughout the course of the scam.

The evidence provided indicates Mr L was being told he'd made extremely high returns and I think he should reasonably have questioned whether this was too good to be true. Further, it's clear he was having doubts about the legitimacy of the scheme as early as 20 December but carried on making large payments. I also think he should have questioned whether a legitimate investment company would encourage him to borrow money to fund an investment, particularly when false information was being provided to obtain the loans.

In the circumstances, I think Mr L 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 discovered his situation was 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 L's losses once it was aware that the payments were the result of fraud.

As the payments were made by card, they're not covered by the industry's reimbursement scheme for authorised push payment (APP) fraud.

Revolut's chat history shows Mr L didn't contact it to report the scam until 15 February, several weeks 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. Further, he transferred funds to legitimate cryptocurrency accounts in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Revolut could only have tried to recover funds from his own account and it appears all the money had already been moved on. 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 L and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 and 2 in line with his instructions, if it had carried out an appropriate intervention before payment 3 left his account, I'm satisfied payments 3 to 6 would have been prevented.

Putting things right

The principal aim of any award I make must be to return Mr L 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 he would have retained the money that was lost from payment 3 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr L's own contribution to the loss.

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

- A = a refund of 50% of each of payments 3 to 6; 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 L 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 L 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 partly uphold this complaint. Subject to Mr L'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 L to accept or reject my decision before 11 February 2026.

James Biles
Ombudsman