

The complaint

Mr L has complained that Revolut Ltd (“Revolut”) failed to protect him from a cryptocurrency-related investment scam.

What happened

I issued my provisional decision (PD) on this case in December 2024 explaining that I was intending to uphold Mr L’s complaint. I’ve included an extract of my PD below.

In response, Mr L accepted my provisional findings and proposed resolution, but Revolut didn’t agree, and it provided further comments. I’ve summarised Revolut’s additional points at the end of this section.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr L has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr L, but I’d like to reassure Mr L and his representative that I’ve considered everything both parties have said.

Mr L says that in February 2023, he began researching investment and cryptocurrency platforms to increase his household income, supporting his partner in pursuing her dream career. In March 2023, he came across a website offering an investment opportunity that he was interested in learning more about.

Mr L says the website appeared professional, featuring live trades, an “About Us” section, contact details, investment guidance, and terms and conditions. This reinforced Mr L’s belief that it was legitimate. He says he did some checks, finding positive reviews online and confirming through the Financial Conduct Authority’s website that the company was listed as registered and regulated.

After submitting an enquiry, Mr L was contacted by a an individual (“the scammer”) who introduced themselves as his account broker. The scammer provided detailed explanations of how the platform operated, building trust through professional conduct and personal conversation. Mr L set up an account with a unique username and password, submitted photo ID, and believed the Know Your Customer (KYC) checks further legitimised the platform.

The scammer instructed Mr L to set up a cryptocurrency wallet, and Mr L says the scammer helped him to do this using remote computer access software. Mr L went on to make several card payments to numerous cryptocurrency platforms, and he then sent cryptocurrency from those to his alleged investment trading account, which he saw reflected in his balance.

During March and April 2023 Mr L made eight debit card payments to buy cryptocurrency and ultimately fund the scam. The total sum was never flagged or questioned by Revolut, and the scammer provided frequent updates on the supposed profits. However, when Mr L requested a withdrawal he was told he’d need to pay a fee due to a blocked account. Mr L made the final payment of £4,795.21 in an attempt to recover the funds he’d previously deposited, but he

says that further withdrawal attempts were met with new demands for money. At this point, Mr L realised he had been scammed and ceased contact with the scammer.

The card transactions Mr L made as part of the scam were as follows:

	Date	Amount
1	14/03/2023	£2,500
2	22/03/2023	£5,000
3	23/03/2023	£5,000
4	31/03/2023	£5,000
5	31/03/2023	£4,995.02
6	20/04/2023	£8,191.82
7	24/04/2023	£4,253
8	25/04/2023	£4,795.21
	Total	£39,735.05

In June 2023 Mr L reported the scam to Revolut via its live chat. He explained the events in detail but was informed Revolut wasn't responsible for his loss, attributing the scam to his actions. Revolut advised him to file a chargeback, which was ultimately rejected. Mr L says that Revolut didn't request further evidence or provide adequate advice to protect him from further scams, leaving him vulnerable to "recovery scams."

Mr L made a complaint to Revolut in which he said that if Revolut had provided effective warnings, questioned the payments, or stopped transactions, the financial loss could have been prevented. Revolut didn't uphold the complaint; in summary it said it had processed the payments in line with Mr L's instructions, and it hadn't identified that any of them were fraudulent.

Mr L remained unhappy so he referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. He said he thought Revolut should've been concerned at the point Mr L made the second payment, so he thought Revolut should've given Mr L a tailored written warning about cryptocurrency scams at that point. He went on to say that had Revolut had asked Mr L some questions about the payment it would've been evident that he was falling victim to a scam, especially as by the time this scam happened, cryptocurrency scams were well-known to all financial institutions, including Revolut. The investigator recommended that Revolut should refund Mr L's losses from the second payment onwards. He said Revolut could reduce the refund by 50%, as he thought it was fair for Mr L to share responsibility for the loss, as he thought Mr L should've been more cautious before making the payments.

Mr L accepted the investigator's opinion but Revolut didn't accept it. In summary it said that Mr L didn't use his Revolut account as his main bank account, and it's not unexpected for it to see the pattern of activity seen in this scam. It also said it had a duty to complete the payments in line with Mr L's instructions. Finally it noted that Mr L had sent the funds from Revolut to an account held elsewhere in his own name, under his control. So it didn't think it was the point of loss, and consequently it said it wasn't responsible for reimbursing it.

As the case hasn't been resolved it's been passed to me to make a decision.

What I've provisionally 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'm intending to uphold Mr L's complaint, broadly for the same reasons as our investigator, which I've set out below. But I'm issuing a provisional decision as I think things need to be put right in a different way.

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.

And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer’s instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer’s payment decisions.
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its Mr L’s instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut’s contract with Mr L modified the starting position described in *Philipp*, by – among other things – expressly requiring Revolut to refuse or delay a payment “*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*” (section 20).

So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority’s Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the lookout for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I’m also obliged to take into account regulator’s guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut’s standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what’s fair and reasonable on the basis set out at DISP 3.6.4R, I consider that by March 2023 Revolut should’ve been on the lookout for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the lookout for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in

some circumstances, I am mindful that in practice all banks and EMLs like Revolut did in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;¹
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

For example, it is my understanding that in March 2023, if it identified a scam risk associated with a card payment through its automated systems, Revolut could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat).

I'm also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3)².
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the *"Financial crime: a guide for firms"*.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.
- The October 2017, BSI Code³, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).
- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under

¹ For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

² Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

³ BSI: PAS 17271: 2017 "Protecting customers from financial harm as result of fraud or financial abuse"

the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.

- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).

Overall, 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 in March 2023 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 (among other things). 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;
- 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 – (as in practice Revolut sometimes does); and
- have been mindful of – among other things – common scam scenarios, how the 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 Mr Ls) and the different risks these can present to Mr Ls, when deciding whether to intervene.

Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in March 2023, Revolut should in any event have taken these steps.

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

All of the payments Mr L made were to cryptocurrency providers, which are well-known merchants in this sector. Given this, I think Revolut could and should have identified that the transactions carried an elevated risk of fraud, as by the time they were made cryptocurrency-related payments were widely recognised as presenting a heightened risk of fraud and scams.

Cryptocurrency exchanges generally stipulate that the card used to purchase cryptocurrency must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this. Therefore, it could reasonably have assumed the payments were being credited to a cryptocurrency wallet held in Mr L's name. However, by March 2023, Revolut, like other firms, should have been aware of the increased risk of multi-stage scams involving cryptocurrency. Fraud involving cryptocurrency has risen sharply over time, with consistent warnings from regulators such as the FCA and Action Fraud since 2018, and record losses reported by 2022. By the end of 2022, many high street banks had begun imposing blocks or friction on cryptocurrency transactions due to these risks.

I recognise that, as a result of the actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to

use the services of an EMI, such as Revolut. And I'm also mindful that a significant majority of cryptocurrency purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told our service). However, our service has also seen numerous examples of consumers being directed by fraudsters to use Revolut accounts in order to facilitate the movement of the victim's money from their high street bank account to a cryptocurrency provider, a fact that Revolut is aware of, and as is the case here.

So, taking into account all of the above I am satisfied that by the end of 2022, prior to the payments Mr L made in March and April 2023, Revolut ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

To be clear, I'm not suggesting as a general principle, Revolut should have more concern about payments being made to a customer's own account than those which are being made to third party payees. As I've set out in some detail above, it is the specific risk associated with cryptocurrency in that, in some circumstances, should have caused Revolut to consider transactions to cryptocurrency providers as carrying an increased risk of fraud and the associated harm.

In those circumstances, as a matter of what I consider to have been fair and reasonable, good practice and to comply with regulatory requirements. Revolut should have had appropriate systems for making checks and delivering warnings before it processed such payments. And as I've explained Revolut was also required by the terms of its contract to refuse or delay payments where regulatory requirements meant it needed to carry out further checks.

Taking all of the above into account, and in light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think that the fact that the payments in this case were going to cryptocurrency accounts held in Mr L's own name should have led Revolut to believe there wasn't a risk of fraud.

Revolut argues that it is unlike high street banks in that it provides cryptocurrency services in addition to its electronic money services. It says that asking it to 'throttle' or apply significant friction to cryptocurrency transactions made through third-party cryptocurrency platforms might amount to anti-competitive behaviour by restricting the choice of its customers to use competitors. But as I've explained, I don't suggest that Revolut should apply significant friction to every payment its customers make to cryptocurrency providers. However, for the reasons I've set out above I'm satisfied that by March 2023 Revolut should have recognised at a general level that its customers could be at increased risk of fraud when using its services to purchase cryptocurrency and, therefore, it should have taken appropriate measures to counter that risk to help protect its customers from financial harm from fraud.

Such proportionate measures would not ultimately prevent consumers from making payments for legitimate purposes.

Having considered the individual payments made by Mr L, I don't think Revolut should have had any reason to intervene in the first payment. While it was made to a cryptocurrency provider, it was for a relatively modest amount, and there was no prior payment pattern that might have indicated unusual or suspicious activity. So I'm satisfied that this payment didn't warrant further scrutiny and it was reasonable for Revolut to process it in line with Mr L's instruction.

However, payment two was significantly larger – double the size of the first – and was also made to a cryptocurrency provider. I think this payment should've prompted Revolut to intervene, by the time Mr L made this payment in March 2023, there had been extensive media coverage and regulatory warnings about the prevalence of cryptocurrency scams.

What did Revolut do to warn Mr L?

Revolut says that it didn't intervene or provide any warnings before any of the payments were made.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, and in line with what I consider to have been good industry practice at the time, as well as what I consider to be fair and reasonable, I think Revolut ought to have provided a written warning which covered the key scam features of the most prevalent types of scams when Mr L made the second payment.

I think the tailored written warning should've highlighted the common features of cryptocurrency scams – such as being introduced via social media advertisements, involvement of a broker or account manager, use of remote access software, and small initial investments followed by larger amounts. A warning of this nature would've been proportionate to the risks involved and in line with good industry practice at the time.

I recognise that a warning of this kind couldn't have covered off *all* the features of a cryptocurrency investment scam. But I think a warning covering the key features of scams affecting many customers, but not imposing a level of friction disproportionate to the risk the payment presented, would have been a proportionate and reasonable way for Revolut to have acted at the time these payments were made to minimise the risk of financial harm to Mr L.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr L suffered from the second payment?

The circumstances of Mr L's case had many features that are common to this type of scam. Mr L had seen an advert online for an unregulated investment company, he'd been given access to a trading platform and a broker, had been "assisted" by the scammer using remote access software, and had made an initial deposit which appeared to be growing significantly in value. Importantly, I think, Mr L was also about to go on to make further investments – that would turn a modest investment (and potential loss) into something much more significant.

I think it's likely he'd have been more receptive to a warning at a point where he had less to lose by stopping. In addition, Mr L didn't receive any specific warnings from Revolut or any of the banks from which the money originated – so there's no evidence he ignored or bypassed a specific and tailored warning.

I've also taken into account that Mr L came to the realisation himself that he might be the victim of a scam. This appears to have come about following the fraudster's attempts to obtain further payments disguised as fees. I think this demonstrates that Mr L was not oblivious to the potential risk and, all things considered, I've concluded that a warning of the type I've described would have resonated with Mr L and dissuaded him from going ahead with payment three and therefore prevented his losses from that point.

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

In reaching my decision about what's fair and reasonable, I have taken into account that Mr L funded his Revolut account using his high street bank account, and Revolut wasn't the point of ultimate loss – that happened when Mr L transferred the funds from his cryptocurrency account to the scammers.

But as I've set out in some detail above, I think that Revolut still should have recognised that Mr L might have been at risk of financial harm from fraud when he made the second

payment, and in those circumstances it should have declined the payment and made further enquiries.

If Revolut had taken those steps, I am satisfied it would have prevented the losses Mr L suffered. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr L's own account elsewhere doesn't alter that fact and I think Revolut can fairly be held responsible for Mr L's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr L has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr L could instead, or in addition, have sought to complain against those firms. But Mr L has not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce a consumer's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mr L's loss from the second payment.

Should Mr L bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I think that, as a layman with little investment experience, there were several features of the scam that would have appeared convincing. Mr L was introduced to it through an online advert, that a reasonable person might expect to be vetted in some way before being published. And, while I haven't seen the specific advert Mr L saw, I've seen many similar ones and they can appear to be very convincing – often linking to what appears to be a trusted and familiar news source.

I've also taken into account the provision of the trading platform, which it seems used manipulated software to demonstrate the apparent success of trades. I understand that fraudsters used the apparent success of the initial investment to induce further investments. I can understand why this would have been compelling to Mr L.

Mr L also says he checked online reviews, and the regulator's website, and the positive entries contributed towards convincing him the opportunity was legitimate. The company wasn't listed on the Financial Conduct Authority's register at the time, although it was added to its scam warning list in April.

Although I understand our investigator thought Mr L and Revolut should share equal responsibility for the loss, I'm not persuaded that would be fair in this case.

The investigator correctly asserted that there aren't any positive reviews available at from before Mr L started making payments. But I'm aware that user-submitted reviews can be removed or modified after they're posted, so it's not entirely inconceivable that Mr L could've seen positive reviews that no longer exist.

There also wasn't any other adverse information available in the public domain before Mr L started making payments. Although the FCA added a warning to its site before Mr L made the final three payments, I wouldn't have expected him to re-do the research he'd done before he started the payments, after he'd decided to invest. So I don't consider he was negligent here.

Overall given Mr L's inexperience, and the lack of any alarming or concerning information before he started making the payment payments related to this scam, I haven't concluded that Mr L was negligent. I'm persuaded he didn't ignore any adverse information about the company, given the lack of available information about it prior to the date the scam took place.

Recovery of the funds

As these payments were made by debit card the chargeback process is relevant here. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

I'd only expect Revolut to raise a chargeback if it was likely to be successful, but based on the available evidence this doesn't look like a claim that would have been successful. Mr L paid a legitimate cryptocurrency exchange, and in return he received a service from the cryptocurrency exchange whereby it exchanged his money into cryptocurrency, before Mr L sent it to the wallet address provided by the scammer. Considering this, the cryptocurrency exchange provided the service it should have by providing the cryptocurrency, so Mr L's disagreement is with the scammer, not the cryptocurrency exchange. So Revolut was right to say it didn't have chargeback rights against the cryptocurrency exchange for these transactions."

Revolut raised the following points in response to my decision, arguing that Mr L should bear some responsibility for his losses. In summary, it says that:

- The absence of positive reviews before the scam means Mr L couldn't have reasonably relied on them, and any modified reviews would've been clearly marked.
- Mr L should've rechecked his research, especially after the FCA published a scam warning during his final three payments.
- A reasonable investor would've sought formal documentation and identified the scam due to increasing demands for payments.
- The investment's promised returns were unrealistic, and even an inexperienced investor should've taken more precautions.

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 thought about Revolut's additional points carefully, as well as all of the information and evidence, I remain of the view that Mr L shouldn't bear responsibility for his losses. I'll explain why.

Firstly, Revolut's argument regarding user reviews doesn't fully account for how online information evolves over time. Whilst modified reviews may be marked as "Updated", reviews can also be removed entirely. I can't say with certainty what information was available when Mr L conducted his research, but I'm required to consider things on the balance of probabilities, and it's plausible that Mr L saw positive reviews that were later removed. Additionally, the absence of adverse reviews at the time Mr L first invested supports his point that nothing in his research raised any red flags. This is also relevant in so far as the fact that Mr L didn't act negligently by ignoring adverse information that he ought reasonably to have taken into account.

Turning to Revolut's second point, I don't agree that Mr L should've rechecked his research midway through his payments. Whilst with hindsight it might have been prudent to do so, it's not reasonable to expect a layperson to continuously reassess an investment they've already decided to proceed with – particularly when there was no direct reason for him to suspect anything had changed. Mr L had already conducted initial due diligence and had no reason to believe he needed to re-investigate the legitimacy of the company. The FCA warning came later in the process, and I don't think Mr L acted unreasonably in failing to check for new information at that stage.

Whilst a formal contract or written agreement might've provided greater protection, scams of this nature are designed to appear legitimate and persuasive. It's common for scammers to use high-pressure tactics to manipulate victims into making further payments, and it's clear that Mr L was subjected to these techniques. His lack of investment experience makes it understandable that he didn't recognise the warning signs that might've been more apparent to an experienced investor, but this doesn't mean Mr L was negligent in his actions.

Finally, although the returns promised by the scammers may have been unrealistic with hindsight, investment scams often operate by presenting superficially credible opportunities that prey on inexperience. Mr L was drawn in by a seemingly legitimate trading platform, which initially showed apparent profits. The manipulated software and the convincing nature of the scam were key factors in his belief that he was engaging in a genuine investment, and I again don't think Mr L was negligent for falling victim to this sophisticated and well-engineered scam.

Taking all of this into account I remain satisfied that Mr L didn't act negligently. Whilst an experienced investor might have identified red flags earlier, Mr L's actions were consistent with what I would expect from someone in his position. Revolut had a duty to identify and intervene in suspicious transactions, and I maintain that it could and should have done more to prevent this loss. So my decision remains unchanged.

Putting things right

To put Mr L back in the position he'd have been in had Revolut done what it should've, Revolut needs to:

- Refund Mr L's losses from (and including) the second payment and;
- Pay 8% simple interest on each amount, from the date each payment left Mr L's account until the date of settlement*.

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr L how much it's taken off. It should also give Mr L a tax deduction certificate if he asks for one.

My final decision

I uphold Mr L's complaint against Revolut Ltd and I require it to 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 17 March 2025.

Sam Wade
Ombudsman