

The complaint

Mr P complains that Revolut didn't reimburse £18,336.15 which he says he paid towards an investment that turned out to be a scam.

What happened

Mr P had an account with Revolut which he opened in May 2022. He paid funds into the account from another account he controlled, and with these funds, made payments to an online cryptocurrency exchange using the Revolut debit card. But Mr P says he's been the investment scam. He says he's lost £18,336.15. He thinks Revolut should have stepped in and had Revolut done so he'd have been protected from falling victim to the fraud. He wants Revolut to refund the payments he made, and pay simple interest to compensate him for the time he's been out of pocket.

I issued my provisional findings on this complaint on 1 November 2024. I said that based on what I'd seen so far, I wasn't minded to uphold the complaint:

Mr P had made six payments between 25 May and 30 June 2022:

1. £4,462.40 on 25 May 2022
2. £669.21 on 25 May 2022
3. £2,389.50 on 27 June 2022
4. £4,324.86 on 29 June 2022
5. £2,596.34 on 29 June 2022
6. £3,812.56 on 30 June 2022

(These add up to £18,254.87. The total figure above includes fees.)

I said that the normal starting point is that payment service providers must make payments a customer has authorised. And here there was no dispute that Mr P agreed to the payments in question. Having said that, the terms and conditions that applied to Mr P's account allowed Revolut to prevent Mr P from making payments if it were concerned about the account's security or that it might be used fraudulently. Revolut's wider legal and regulatory obligations meant that it was expected to have systems and controls in place to prevent financial crime. Firms should fairly and reasonably have systems in place to detect and identify out of character and unusual transactions, or other signs that might indicate its customers are at risk of fraud.

Mr P told us the payments were part of an investment scam. He said he saw an advert on social media for a company that offered investment training and assistance. He says he was contacted by the representative of this company, who I'll call A. A instructed him on how to make payments to the crypto platform. Mr P says he was encouraged to make additional payments, purportedly to "upgrade" his account to one that would allow him to trade

commodities. He says he was promised profits of 80% per month. He says he logged into his investment account and saw his profits increasing consistently.

But when he tried to close his account he was told he'd first need to submit a report to the company's finance department. He was told he'd made a mistake in that report, and that his balance was now -£8,000. His contact then told Mr P she could fix this for him if he made further payments into the account. Mr P says it was then that he made the payment of £2,398.50 and – after taking out a personal loan – further payments of £4,324.86 and £2596.34. Mr P says he was then told the platform would close his account – but he'd need to pay insurance to cover the international bank transfer. He sent us a letter purporting to be from an overseas bank supporting this. He paid the further £3,812.56. Then he was told that HMRC required him to pay tax on his profits. At this point Mr P says he contacted HMRC direct, and learned he'd been the victim of a scam.

Given what Mr P had said, I accepted he'd been the victim of a scam here. And the firm he was dealing with had – a few months later – been the subject of a warning by the regulator, the Financial Conduct Authority, as a “clone” of a UK registered limited company.

So I needed to consider if Revolut needed to do more to protect Mr P. I was mindful that Revolut needed to strike a balance here between preventing frauds of this nature and unnecessarily inconveniencing or delaying legitimate transactions. I considered whether these payments were unusual or out of character such that Revolut should have known Mr P was at risk of financial harm.

As this was a new account, Revolut had no existing relationship with Mr P – it wasn't in a position to say whether the payments were out of character. But Revolut did ask Mr P what he planned to use the account for when he opened the account. Among other things, Mr P selected crypto, stocks, gold and silver. I noted that this was the sort of thing Mr P thought he was doing – as well as sending cryptocurrency to a third party, he thought he was trading commodities, including wheat. I was also mindful that although scams involving cryptocurrency are becoming increasingly common, at the time these payments were made I thought it would be reasonable for Revolut to take into account a range of factors before deciding to make further enquiries of its customer.

That said, just two days after the account opened in May 2022, Mr P paid £5,200 into and then just over an hour later paid £4,462.40 out of his account. He then paid a further £669.21 to the same payee, going identifiably to cryptocurrency. I thought Revolut could have done more here – it would have been good practice for Revolut to have provided a written warning broadly covering the risk that he might be the victim of a scam.

As Revolut didn't intervene, I considered whether that would have changed Mr P's position.

During our investigation we learned that Mr P's own bank had asked him about the £5,200 payment he made to Revolut. The explanation he gave was he wanted the Revolut account so he could withdraw cash while he was abroad – he said he wanted to pay money to a relative who was getting married. This explanation was plainly at odds with what was actually happening. The bank told Mr P they were concerned he was at risk of being scammed – and temporarily stopped the payment. They paused the payment until the next day, saying that this was so he could take time to think about the payment.

Mr P claims he wasn't untruthful here – he in fact planned to use the proposed investment to buy his relative a car. I didn't find this explanation credible – I thought it more likely that Mr P wanted to disguise what he was doing. In any case, Mr P's explanation was different from what he told his bank – he didn't mention a car, but instead said he was paying for the relative's honeymoon.

Mr P contacted his bank the next day and asked for the payment to proceed.

I recognised my conclusions would be disappointing for Mr P. But given what had happened, I wasn't persuaded intervention by Revolut would have changed his position. Mr P appears to have been determined to make the payment and his own bank had already alerted him to the possibility that this was a scam. I wasn't persuaded that a written warning would have dissuaded him from making these payments.

I considered the later payments. But these took place a month later and were the same type of payments Mr P had already made. Mr P hadn't reported that the original payments were fraudulent in the meantime. These payments are in line with how Mr P was using his account.

I'm further noted that Mr P was in regular contact with the scammer throughout this period – he'd sent us screenshots of his contact with the scammer using an instant messaging service. It seems the scammer was calling Mr P every few days and it seemed the scammer had built a rapport with Mr P. The scammer was also able to provide Mr P with documents and screenshots which Mr P found persuasive. With all this in mind, I wasn't persuaded that had Revolut stepped in it would have prevented Mr P's losses. And I didn't think Revolut should have done more.

I also considered whether Revolut could have done anything further to recover these funds. The payments were made to a cryptocurrency exchange – the platform took payments in return for cryptocurrency which was then transmitted onwards to the third party. I concluded it was unlikely, then, that any chargeback would be successful as the exchange had delivered the service Mr P had paid it for. It wasn't unreasonable for Revolut not to raise a dispute given it had no reasonable prospect of success – and there was no other route to recover the funds.

For these reasons I didn't think the complaint should be upheld.

Revolut hasn't replied to my provisional findings. Mr P doesn't agree. Mr P says:

- Revolut should have carried out additional checks on its new members, for instance by checking by phone how much research the investor had done into the business they planned to entrust with their money
- He thinks at least part of the payments should be reimbursed
- A written warning might have saved him around £18,000.
- He doesn't accept that his explanation to his bank is at odds with what he told us – in his mind both explanations relate to his older brother's wedding present. It didn't occur to him that such "trivial details" would cause issues later.
- He also refers me to industry best practice guidelines.

I've therefore reviewed the complaint afresh.

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.

I've carefully considered the points raised by Mr P in response to my provisional decision.

But they don't change my conclusions. I'll explain why.

Mr P was warned by his own bank about these transactions. Mr P ignored this warning – and gave his bank an explanation that was substantially at odds with what was happening. Based on what Mr P has told us he thought he was trading in commodities. But he instead told his bank that he was sending the funds to gift his brother as a wedding present – whether this be to pay for his brother's honeymoon or to buy him a car. Mr P claims that in his mind this wasn't incorrect as this is what he intended to use the proceeds of the investment for. I don't find this explanation plausible or persuasive. It think it's more likely that Mr P was deliberately trying to conceal what he was doing.

With this in mind, I remain unpersuaded that a written warning that Mr P might be the victim of a scam would have changed his position. This would have happened at around the same time he had the warning from his bank – which he ignored. I'm not persuaded intervention at this stage would have protected Mr P from these losses.

I've considered Mr P's further comments. I don't accept that in May 2022 Revolut would have needed to go as far in carrying out further checks when the account first opened. But given what I've said above, I'm not persuaded that even if Revolut had carried out these further checks it would have protected Mr P from these losses. Mr P was determined to proceed with these payments. And by the time Mr P made the later payments, in June 2022, these were in line with what he'd done in May and had hadn't reported any issues with the earlier payments in the meantime.

I acknowledge this will be disappointing for Mr P. But I'm not persuaded that further intervention would have protected Mr P from these losses. I reach the same conclusions as my provisional decision for the same reasons. It follows that I don't uphold the complaint and I'm not telling Revolut to do anything further to put things right.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 27 March 2025.

Rebecca Hardman
Ombudsman