DRN-5350069

Financial Ombudsman Service

The complaint

Mr S complains that Revolut Ltd – as the recipient bank, didn't do enough to prevent his loss.

What happened

In December 2023 Mr S fell victim to a scam believing he was investing in a second-tier mini bond trader account with a company I'll refer to as 'I'. He made two payments totalling 5000 CHF to an account held with Revolut. Mr S says in September 2024 he attempted to log into his investment account with I but the website was unavailable; his emails went unanswered; and he discovered that the Financial Conduct Authority (FCA) had published a warning about I in June 2024. Unable to withdraw his funds Mr S realised he may have fallen victim to a scam. In short, he complained to Revolut, that it had likely failed in its regulatory obligations as it had allowed a fraudster to open an operate an account.

Revolut responded to say that the account which had received Mr S' funds had been opened correctly and that it could not have known at the time of opening the account that it would later be used to receive fraudulently obtained funds. It said that due to security and data protection reasons it couldn't share third party data directly with Mr S. It directed him to his own bank, U – from where he'd sent the funds and explained that this is the appropriate channel through which fraud is reported. It said that it would co-operate with U's request(s) and provide an update through them.

Mr S reported the matter to U and notification of the fraud was sent to Revolut. Revolut responded to say that no funds remained in the account to be returned. Dissatisfied with its response Mr S referred his complaint to our service. Our Investigator didn't recommend that the complaint should be upheld. In summary she concluded that there hadn't been a failing by Revolut in the opening and monitoring of the recipient account, nor could it reasonably have done anything more at the time of the fraud being reported (September 2024) that would've resulted in anymore of Mr S' funds being recovered and returned.

Mr S asked that an Ombudsman review the matter.

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.

In his submissions, Mr S refers to evidence he has more recently discovered. This suggests the scammer is operating an *"identical carbon copy fraud scheme"* under a different company name and has been able to open an account with another payment service provider (PSP). Mr S also shares that the fraudster offered personal Revolut account details under a different name to receive payments. He raises several points and argues that these show the systemic weaknesses / failures in the onboarding and monitoring controls being operated by banks / PSPs to protect consumers from organised fraud. I think it would be helpful for me to start by explaining that the Financial Ombudsman Service's purpose and function is to provide a free, impartial, and independent service for resolving disputes between complainants and financial firms (where our jurisdictional requirements have been met). We act as an alternative to court offering a fair and accessible way to address individual complaints against a particular respondent (here that is Revolut) where disputes haven't been resolved between the parties. Our service's role is to focus on individual cases rather than systemic / wider regulatory issues. Any concerns about the rules / regulatory standards set for banks / PSPs in general is a matter for the regulator, that being the FCA – not our service. And whilst I can understand, having fallen victim himself, it must have been frustrating and disheartening for Mr S to have discovered that the perpetrators have potentially continued to harm others. An investigation into the alleged criminal actions of a third party is a matter for the police – not our service.

I also note Mr S has mentioned unauthorised transactions and has commented on what our service has said about the bar for gross negligence. However, this isn't a relevant consideration as it is accepted that Mr S instructed the payments to be sent from his account held with U to the account held with Revolut (albeit as a result of a scam). So, these payments are considered authorised. And even where payments are considered unauthorised and the Payment Services Regulations 2017 (PSRs) is applicable, it requires the payer's PSP (not the payee's PSP) to provide a refund for unauthorised transactions, and here Mr S didn't make the disputed payments from his account held with Revolut, his complaint is about Revolut's actions as the recipient (payee's) PSP.

So, in the circumstances here, simply because Mr S fell victim to a scam and was tricked into sending money to an account held with Revolut doesn't entitle him to a refund from them. I can only fairly direct Revolut to refund Mr S' loss if I'm satisfied it reasonably failed to prevent it or did something wrong where it would be fair to ask it to provide a refund. I've gone onto carefully consider this below.

Mr S acknowledges that Revolut is not a signatory to the Lending Standards Board's Contingent Reimbursement Model (the CRM code), this being a voluntary scheme which some banks / PSPs had signed up to through which victims of authorised push payment (APP) fraud, in certain circumstances, could receive a refund of their losses. But he still wants this to be taken into consideration as it's his understanding that many banks / PSPs voluntarily adhere to the CRM code, and apply the principles of it when assessing APP fraud claims. He also refers to the new UK mandatory reimbursement rules that apply to APP fraud which came into effect in October 2024, and highlights that Revolut came under the spotlight recently because of a BBC 1 / UK Panorama investigation which was looking into weaknesses / deficiencies in Revolut's processes. I've taken on board the points Mr S has made, but the CRM code (as Revolut are not a signatory) nor the new mandatory reimbursement rules (as they aren't retrospective and Mr S' payments were made in December 2023) aren't relevant considerations for this particular complaint, nor can other banks / PSPs choosing to apply the principles and / or provide refunds (as non-signatories) be used as a basis upon which to tell Revolut it needs to reimburse Mr S. And I can't without any specific evidence linking Panorama's investigations to the particulars of this case rely on it to uphold this complaint.

Mr S has also argued that Revolut should reimburse his lost funds for the following reasons:

- *"Breach of duty in contract and tort: the defendant failed to detect and / or to take adequate steps to mitigate and / or prevent the fraud."* In summary, Mr S says he holds an account with Revolut and considers that it owes him a duty of care and that it has failed to take reasonable care towards him in the context of the banker – customer relationship.
- *"Dishonest assistance in breach of trust: the defendant rendered assistance to the fraudsters in circumstances where it had sufficient knowledge of facts which constituted a breach of trust, or sufficient doubts that a breach of trust was being committed but turned a blind eye to it."*
- *"Unjust enrichment: the defendant is liable to the claimant for unjust enrichment in respect of the sums paid into its accounts. Separately, there might also potentially be claims for unjust enrichment, knowing receipt or dishonest assistance against the receiving bank, depending on what has happened."*

To explain, in common law, a remitting bank / PSP has a duty of care to its customer, but the same doesn't exist for the receiving bank / PSP towards the remitting bank / PSP's customer where the receiving PSP's obligation is to credit the account in line with the payment instruction. Nor can it be said that there exists a contractual relationship between the receiving PSP and a remitting bank / PSP's customer.

Whilst I acknowledge the point Mr S has made that he is a customer of Revolut by virtue of holding an account with them, the payments being complained about were not made from Mr S' Revolut account, they were made from his account held with U. Revolut were not acting in the capacity of Mr S' remitting bank / PSP and a duty of care owed to him in relation to his account held with Revolut does not extend to covering payments Mr S has made from an account he holds with another bank / PSP to a third party's account held with Revolut. I also haven't seen any evidence suggesting that Revolut knew about the fraud or turned a blind eye to it sufficiently to meet the dishonesty test, or to be able to safely conclude that it has been enriched at Mr S' expense.

Account opening

I've carefully considered Revolut's actions when opening the account which received Mr S' payments and I'm satisfied that it carried out checks (in line with its regulatory obligations) to verify the identity of the accountholder and did its due diligence (so far as reasonably possible) when opening the recipient account. It has shared copies of the identification documents obtained and the checks completed. From what I've seen there weren't any failings by Revolut in relation to the opening of the recipient account. I appreciate the account has since been used to receive fraudulently obtained funds, but from what I can see, Revolut couldn't reasonably have foreseen this at the point at which it opened the account. Also, Mr S' own evidence refers to the fact that the scammer had access to other accounts and has continued to operate identical scams through accounts held with different banks / PSPs. So even if I were to say that Revolut shouldn't have opened this account, it doesn't follow that this would've brought the scam to light and prevented Mr S' loss, as he would've simply been directed by the scammer to make the payments elsewhere. So it follows that I can't fairly and reasonably say that Revolut missed an opportunity to prevent Mr S' loss when opening the account.

Monitoring of the recipient account

I've reviewed the statements for the recipient account. It was a relatively newly opened account. There weren't any prior concerns or fraud notifications before Mr S' funds were paid away. The account activity was in line with the intended and expected use of the account, so the arrival of Mr S' payments, and the movement of those funds out of the account wouldn't have given Revolut a cause for concern in a way that I'd say it ought to have intervened. The payments were not remarkably large, nor were they sufficiently suspicious in nature / pattern. So I can't fairly and reasonably conclude that Revolut could've prevented Mr S' loss in this way either.

Response to notification of fraud

Mr S didn't realise he'd fallen victim to a scam till around nine months later. I've seen account statements which show that by the time Mr S reported the matter to Revolut (September 2024) his money had already been utilised. Revolut correctly informed Mr S that the process for reporting payments made as a result of APP fraud was through the remitting bank. I'm satisfied upon receipt of notification of fraud Revolut responded in a timely manner, and referring Mr S back to U didn't impact any potential recovery from the recipient account.

Despite my natural sympathy for what has happened here, for the reasons I've explained, I'm not going to require Revolut to do anything further to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 September 2025.

Sonal Matharu
Ombudsman