

The complaint

Mr M 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 M fell victim to a cruel investment scam. After responding to an advert he saw on social media about investing in cryptocurrency, he was contacted by a scammer who said he'd be his account manager. After doing some online research, he agreed to invest and was set up with an account on a fake platform that appeared to show trades being carried out and profits generated on his behalf.

Mr M had an existing account with Revolut and in December 2023 and January 2024 he used it to make the following card payments linked to the scam:

No.	Date	Amount £
1	22 Dec	2,500
2	22 Dec	2,500
3	28 Dec	3,100
4	28 Dec	3,100
5	2 Jan	4,292

I understand the payments went to a cryptocurrency exchange. The currency purchased with payments 1 to 4 were then transferred to the scammer. Thankfully, Mr M realised this was a scam before he transferred the money from payment 5 to the scammer and that amount wasn't lost.

Our investigator recommended the complaint be partly upheld. She felt Revolut should have intervened to find out more about payment 2 before it was sent and if it had done, she felt the scam would have been uncovered and further losses prevented.

Revolut didn't accept the investigator's assessment. In defence of this complaint, it's made the following key points:

- The payments went to an account in Mr M's own name, meaning the fraud didn't occur on its platform.
- These payments weren't unusual for this type of account. There was no need to question the initial payments as from its perspective, Mr M was investing with legitimate platforms.
- It did show Mr M appropriate warnings before payment 5 was completed but these were ignored and he went ahead anyway.
- Mr M was negligent in ignoring warnings and failing to carry out appropriate due diligence before investing.

- Mr M transferred money to Revolut from an external bank account and we should consider any possible fraud interventions by the bank.

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. 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.

In this case, there's no dispute that Mr M authorised the above payment. 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 M.

Should Revolut have recognised that Mr M 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.

Having considered what Revolut knew about payment 1 at the time, I'm not persuaded it ought to have been particularly concerned and I can't say it was at fault for processing it in line with Mr M's instructions.

But payment 2 came only a few minutes later, meaning Revolut knew Mr M had now sent a total of £5,000 to an investment platform in a very short space of time. The nature and size of these payments was out of character compared to previous account usage and I think this is the point at which Revolut should have identified he may be at risk of harm from fraud.

What did Revolut do to warn Mr M?

Revolut did intervene before payment 5 was sent and I'll come back to that later. But in terms of payments 1 to 4, Revolut has said it didn't intervene as it could see Mr M was investing with legitimate platforms.

What kind of warning should Revolut have provided?

Having thought carefully about the risk payment 2 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 debit Mr M's account. I think it should have done this by, for example, directing him to its in-app chat to discuss the payment further.

If Revolut had intervened as I've described, would that have prevented the losses Mr M suffered from payment 2?

I've not seen anything to indicate Mr M was being coached by the scammer to hide the real purpose of the payments he was making or how to answer any questions he was asked. And I note that when Revolut did ask him about the reason for payment 5, Mr M did disclose he was investing in cryptocurrency. I've no reason to believe he wouldn't have responded in the same way if he'd been asked prior to payment 2.

Once Revolut had this information, it would have been in a position to provide a tailored warning setting out common features of investment scams, many of which were present in Mr M's situation and could have resonated with him, thereby opening his eyes to the scam.

In fact it appears this is exactly what happened after one of Revolut's agents questioned Mr M in the chat about payment 5. While he did carry on with the transfer to his cryptocurrency account initially, he didn't end up sending any more money to the scammer. Very shortly after the Revolut chat ended, the history of his online chat with the scammer shows he'd decided not to send any more money and was considering involving the police.

So it seems Revolut's intervention before payment 5 was sent ultimately did help to uncover the scam and preventing further losses. On balance, I think it's likely a similar intervention would have had a similar effect if it had been attempted prior to payment 2.

I think it follows that if the scam had been uncovered at the point of payment 2, payments 3, 4 and 5 would also have been prevented.

What about the actions of Mr M's bank?

This was a multi-stage fraud that saw Mr M 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 his money to Revolut.

The bank has confirmed that it didn't question any of the transfers or show any scam warnings. As a result, I'm satisfied there was no other intervention that should have alerted Mr M 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 M's loss?

I have taken into account that Mr M 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 harm from fraud, made further enquiries about payment 2 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 M 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.

Should Mr M 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 M believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

In particular, I note the chat history with the scammer shows the sort of returns that were being discussed, for example the scammer referred to Mr M's initial investment making a profit of over £4,000 in a very short space of time. These returns were extremely high and I think he should reasonably have questioned whether this was too good to be true. In the circumstances, I think Mr M ought to have proceeded only with great caution. If he'd carried out 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 M's losses once it was aware that the payments were the result of fraud.

Mr M transferred funds to a legitimate cryptocurrency account 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 try to recover the funds from his own account and it appears all the money from payments 1 to 4 had already been moved on and, if not, anything that was left would still have been available to him to access.

As the payments above were card payments, I've also considered whether Revolut should have tried to recover the money through the chargeback scheme. But I'd only expect it to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr M paid a legitimate cryptocurrency exchange and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with. Mr M's disagreement is with the scammer, not the cryptocurrency exchange and it wouldn't have been possible for Revolut to process a chargeback claim against the scammer as he didn't pay them directly.

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 M and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payment 1 in line with his instructions, if it had carried out an appropriate intervention before payment 2 debited his account, I'm satisfied payments 2 to 4 would have been prevented. Fortunately there was no loss from payment 5 as Mr M realised he was being scammed before he forwarded that money on.

Putting things right

The principal aim of any award I make must be to return Mr M 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 M would have retained the money that was lost from payment 2 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr M's own contribution towards the loss.

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

- A = a refund of 50% of each of payments 2 to 4; 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 M 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 M 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 M'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 M to accept or reject my decision before 16 August 2025.

James Biles
Ombudsman