

The complaint

Mr J complains that Revolut Ltd won't refund money he lost when he was a victim of an investment scam.

Mr J is represented by a firm I'll refer to as 'C'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr J has explained that he saw an investment advert on social media for a firm that I'll refer to as 'Q' – which we now know to be a scam. He completed their online enquiry form that led to him receiving a call from Q, in which they explained their experience and how the trading process worked. This involved setting up an account with Q and, as part of the scam, they guided Mr J through it by using remote-desktop software.

Mr J opened an account with Revolut on 22 January 2024. He then made two £10,000 transfers to the scam on 24 and 25 January 2024 – which then appeared in Mr J's trading account with Q. But he said he realised he'd been scammed when he later requested a withdrawal of funds which was met with resistance, and Q then told him he had to pay various fees.

C complained, on Mr J's behalf, to Revolut on 28 February 2024. They considered Revolut failed in their duty of care to protect Mr J from the scam – as they thought Revolut should've done more when questioning him about the payments, given the clear signs of an investment scam, which in turn, would've uncovered it. To settle this complaint, Mr J would accept a full reimbursement of his losses, 8% interest and £300 compensation.

Revolut didn't uphold the complaint. In short, they said:

- They detected the payment was being made to a new beneficiary and displayed the following message:

“Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back”.

As Mr J acknowledged this warning, he was free to continue with the transfer.

- They showed a message informing Mr J that the transfer was riskier than most transactions. And they asked about the purpose of the payment, whether someone was pressurising him into making the payment or if he'd been called unexpectedly.
- After this, Mr J was put in touch with their support team whereby he confirmed he still wanted to proceed with the transfer.
- In addition to system-based fraud protection, they also inform customers about

scams and prevention tips through email and blogs.

- They weren't at fault for processing the transfer(s) that Mr J authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.
- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary's account. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. They hadn't yet received a response.
- They're not liable for these transactions, they treated Mr J fairly and they fulfilled their duty to protect him by providing sufficient warnings and trying to recover the funds.

Mr J's complaint was referred to the Financial Ombudsman. Our Investigator didn't however think Revolut had to do anything further. He said Revolut did question Mr J about the payments before processing them, but he didn't provide accurate answers. And this prevented Revolut from uncovering the scam. Our Investigator also thought Mr J ignored relevant scam warnings provided by Revolut. Because of this, he didn't think Revolut was at fault for processing the payments. Nor did he think Revolut could've done anything more to recover his funds.

C disagreed. In short, they argued:

- Revolut was bound to follow the Financial Conduct Authority's guidance on the 'Consumer Duty' - which includes Revolut's requirement to account for known behavioural biases for consumers using their products/services, and that they should also account for known vulnerabilities (with Mr J over 65 years of age and so, considered as potentially vulnerable).
- Revolut should've been on notice that a scam victim may be coached.
- The visual online warning provided to Mr J wasn't effective, nor was it fit for purpose.
- The use of overly standardised question-answer systems that do not give dynamic or tailored warning messages fail to place consumers in a better position to make decisions – especially those who are vulnerable.
- Considering one of the responses Mr J provided to Revolut was that he was transferring funds to his brother who lived abroad, as he needed money to repair his property, this doesn't add up to what the payments showed on first reflection – nor the payment purpose Mr J selected.
- This should've been questioned further – as it's clear the payments, which were said to be in his own name, weren't being made to his brother. So, Revolut should've questioned why Mr J was sending these to an alternative account instead of directly to his brother. Revolut didn't do this and merely completed a tick-box exercise.
- It doesn't appear that Revolut did enough to protect Mr J. And they don't think it is fair that the ineffective style of intervention can be considered appropriate. As such, when the intervention is fundamentally flawed, it's not fair to suggest Mr J is the only party who is liable.

The matter has been passed to me to decide.

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'm sorry Mr J has been the victim of a scam, and I don't underestimate the impact this has had on him. But while I'm sympathetic to Mr J's circumstances, I must consider whether Revolut is responsible for the loss he has suffered. I know this won't be the outcome Mr J is hoping for but, for similar reasons as our Investigator, I don't think they are. And so, I don't think Revolut has acted unfairly by not refunding the payment. I'll explain why.

Before I do, I want to reassure Mr J that I've considered everything C has submitted on his behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed, it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for the loss Mr J suffered to the scam.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Mr J knowingly made the payments from his account – albeit under the direction of the scammer – and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Revolut are expected to process Mr J's payments and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance (including the Consumer Duty), relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, as part of the transfer process for the first payment, Revolut did provide Mr J with the warning referred to above as it was being made to a new beneficiary. They also conducted a 'payment purpose review' for both payments, in which they asked Mr J why he was making the transfers – with the option '*transfer to my other account*' selected. This then prompted further questioning that led to Mr J confirming:

- He understood a scammer may ask him to hide the real reason for the payment.
- He wasn't being assisted through the questionnaire.
- He hadn't been asked to install any software (with the remote desktop software Mr J used specifically referenced).
- The funds were being sent to an existing account he controlled.

Mr J was then provided educational scam warnings before being referred to Revolut's in-app chat function (for both transactions). In these conversations with Revolut, Mr J confirmed that he was transferring funds to another account in his name and that he wasn't being guided to make the transactions – *"I m not being guided"* and *"I can confirm i sm not being guided yk mske ghis transaction in sny way"*. Nor had anyone told him to move this money – as Revolut explained if someone assisted him in creating the account using remote desktop software then he should stop – responding: *"I have never received contact asking ne to move money i created account"* and *"I can confirm that i have not receivec contact asking me yo move my money"*.

There isn't any documentary evidence that directly shows Mr J was being coached by Q to mislead Revolut in respect of the first transaction. But the chat history does show there was a voice call at that time, and Mr J has explained that remote-desktop software was used as part of the scam. There was also a voice call at the time of the second transaction, and the chat history around that time appears to show Q giving Mr J guidance on how to get a payment processed from his other bank (likely the one that funded the Revolut transactions). Mr J has also confirmed that Q told him to *"invent a story for why he was transferring the money"* and that, with the help of the scammer, he devised a story that *"he had a brother who lived [abroad] and needed money to repair his property"*. Because of this, I'm satisfied that Mr J was most likely being coached by Q from the outset – and this is why he didn't answer Revolut's questions honestly or accurately.

I'm aware C has said Revolut ought to have been aware that victims may be coached. And that here, Revolut should've also taken into consideration Mr J's age – as this made him potentially vulnerable to falling victim to the scam. While I agree that Revolut should be mindful of these factors, I cannot reasonably ignore the responses Mr J provided to their questions. At which point, I've considered Revolut shouldn't necessarily take a customer's instruction at face value, but they should consider the wider circumstances of a payment and the potential risks associated with it to be able to appropriately protect their customers. But here, the payments weren't going to a payee that would've been identifiable to Revolut as being for investment purposes (as it wasn't, for example, a crypto provider). And as the beneficiary bank wasn't enrolled in the Confirmation of Payee service, there would've been no reason for Revolut to suspect the payments weren't going to an account in Mr J's own name (as he told Revolut they were in the in-app chat conversation and through selecting 'transfer to my other account' as the payment purpose). Because of this, I'm not persuaded Revolut would've identified there was a contradictory payment purpose. And so, I don't think Revolut would've had sufficient reason to suspect the payments weren't genuinely being made to one of his other accounts as Mr J claimed.

Further to this, I should clarify that Mr J didn't tell Revolut that the payments were for his brother that lived abroad as C has alluded. This wasn't disclosed in the chat conversation with Revolut – instead, it seems from the chat conversation Mr J had with Q, that he told this 'story' to his other bank. And so, Revolut wouldn't have had reason to suspect Mr J wasn't being entirely honest with them. But even if Revolut had probed Mr J further about the purpose of the payment, I think it's most likely that he would've sought the guidance of Q as to how to respond to circumvent Revolut's fraud prevention checks, and to ensure the payment(s) was processed.

I'm satisfied Revolut's questions were clear and unambiguous. Despite this, Mr J didn't disclose Q's involvement or that third party software had been installed. Because of this, Revolut would've understandably been reassured that Mr J wasn't at risk of financial harm from fraud – but that he was likely making the payment for legitimate purposes. They did however provide Mr J with some warnings that were relevant to his situation despite him selecting an inaccurate payment purpose. This, for example, included:

"Don't give anyone remote access

Scammers may ask you to install software to view your screen. Uninstall software that gives someone else control"

That, if Mr J was being scammed, the fraudster may ask him to hide the real reason for the payment. And that if someone had assisted him in creating the account using remote desktop software then he should stop. But despite these warnings, which were relevant to Mr J's situation, he decided to proceed with making the payments.

As a further consideration, I note there was the payment purpose option of 'As part of an investment' that Mr J could've selected that would've more accurately described the transfer of funds. Had Mr J selected this option it would've given Revolut a better understanding of the payments – thereby allowing them to provide him a more tailored scam warning, which covered investment scams and their common features. It also could've helped them identify whether they ought to have taken additional steps to try and protect MrJ from a scam. Unfortunately, due to Mr J selecting inaccurate payment reasons, Revolut were prevented from knowing the true purpose of the payments. And so, I don't think Revolut acted unreasonably by providing the scam warnings they did – which I consider were sufficiently clear.

Considering all of this, I don't think Revolut could've reasonably uncovered the scam or prevented Mr J's loss in this instance. Unfortunately, while Mr J was an innocent victim of a scam, it appears he was heavily under Q's influence – and to the degree he was willing to mislead Revolut and ignore warnings that were relevant to his specific circumstances.

I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Mr Q's losses, but I don't think they could. This is because the beneficiary bank has confirmed the funds were withdrawn within minutes of it being received. And so, there recovery attempt was unsuccessful as no funds remained.

I have a great deal of sympathy for Mr J and the loss he's suffered, as I appreciate it is a significant sum of money to him. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 5 June 2025.

Daniel O'Dell
Ombudsman