

The complaint

Ms K complains that Revolut Ltd won't refund money she lost when she was the victim of an investment scam.

What happened

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

In 2024 Ms K fell victim to an investment scam having come across an advert online. Ms K has explained that, having initially being told she could invest small amounts that would grow gradually, the scammers became pushy and convinced her to invest larger sums. And she was also told she'd made a mistake in the investment process that resulted in a significant loss which put her account into a negative balance. Further to this, she was guided to apply for a loan to fund the investment, but this was declined.

As part of the scam, Ms K made about 40 payments totalling over \$14,000 between 5 and 20 August 2024. When Ms K came to withdraw funds, she was told that she had to pay fees, but she refused and blocked all communication with the scammers.

Ms K notified Revolut that she'd been scammed and raised a complaint. Revolut rejected it. They said that they couldn't recover the lost funds. And before processing the payments, they provided Ms K with fraud warnings. They also said they asked Ms K about the purpose of the payments, if someone was pressuring her to make them or she'd been called unexpectedly – but Ms K confirmed she wanted to proceed and understood the risks. Because of this, Revolut didn't think they were at fault for processing the payments.

The complaint was referred to the Financial Ombudsman. Our Investigator didn't think Revolut had to refund Ms K. He said Revolut did carry out additional checks before processing some of the disputed payments - as he would've expected - but Ms K ignored warnings relevant to her situation and provided inaccurate information to Revolut, such as about the purpose of the payments. He also didn't think any further questioning from Revolut about the payments would've uncovered the scam – as MsK was following the scammer's instructions on how to answer Revolut's questions. Our Investigator also didn't think Revolut could've recovered the funds lost.

Ms K disagreed with our Investigator. In short, she said:

- She took multiple steps to verify the scam firm's legitimacy and so, she didn't act negligently.
- Revolut failed to act on suspicious account activity – there were clear red flags including high-value transactions in a foreign currency, which wasn't consistent with her prior account usage.
- Revolut only issued generic automated warnings rather than escalating the matter to a fraud prevention team for further investigation. This could've alerted her to the risks

and prevented her loss.

- As a premium customer, she expects a higher level of security and customer protection.
- Revolut has regulatory obligations to protect their customers from fraud – such as the Financial Conduct Authority's Principles for Businesses and the Consumer Duty.
- The Financial Ombudsman had upheld complaints whereby firms failed to protect customers from scams. She considered her case mirrors these precedents.
- As a victim, she was in a highly emotional state and fully believed the legitimacy of her actions – with the scammers manipulating her during the scam. Because of this, she couldn't see the danger.
- As a single mother, the financial loss to this scam has been devastating – impacting her greatly (including her mental health) and her ability to provide for her daughter.
- A new legal requirement was introduced in October 2024, just two months after her payments, which makes it mandatory for banks to reimburse scam victims. She has been left without protection, and she shouldn't be left to suffer financial hardship simply because the scam happened before this legal obligation came into effect. The spirit of the law remains the same.

Our Investigator considered Ms K's additional points, but his position didn't change. He accepted that Revolut should've intervened before processing the payments, which they did. But unfortunately, Ms K provided inaccurate information. And he reiterated that, as Ms K was following the scammer's instructions and to the extent whereby she was willing to lie to Revolut, he didn't think any further questioning or warnings would've prevented the payments being made.

Ms K asked for her complaint to be escalated to an Ombudsman. She thought it was unfair for the Investigator to suggest she was 'lying' to her bank – as she didn't think it accurately reflected the reality of the situation. Ms K explained she was manipulated and coerced by a sophisticated scammer and genuinely believed she was following legitimate instructions. She was a victim of fraud and not someone that intentionally misled her bank – and so, it is disappointing for this to be misrepresented by the Investigator. Ms K felt more consideration should be given to Revolut's failure to protect her from the scam – as their interventions were limited to automated warnings which weren't effective.

The matter has been passed to me to decide.

Before I explain the reasons for the decision I've reached, I want to clarify that I'm looking at the specific circumstances of Ms K's complaint when deciding what's fair here. So, while I understand Ms K has referenced other cases that the Financial Ombudsman has decided in support of her complaint, and while I've taken them into consideration, I won't comment on other cases specifically in my decision.

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 that Ms K has been the victim of a scam. I understand this has impacted her greatly, and so I'm sympathetic to her situation. I therefore want to reassure Ms K that I

haven't made this decision lightly. But I must consider whether Revolut is responsible for the loss she's suffered. Having done so, and while I realise this isn't the outcome Ms K is hoping for, for similar reasons as our Investigator, I don't think they are. Because of this, I don't think Revolut acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Ms K that I've considered everything she's submitted in support of her complaint. 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 Ms K has suffered.

Ms K has referenced the Authorised Push Payment (APP) Fraud Reimbursement Scheme that came into effect in October 2024, about two months after the disputed payments were made. While I appreciate Ms K's view that the spirit of the law – that being consumer protection – remained the same prior to this, I cannot fairly apply the scheme rules prior to it coming into effect. It isn't retrospective. I've therefore considered whether it would otherwise be fair and reasonable to hold Revolut responsible for Ms K's loss.

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 Ms K authorised the payments from her Revolut account. Therefore, under the Payment Services Regulations and the terms of her account, Revolut are expected to process Ms K's payments, and she is presumed liable for the loss in the first instance.

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 in August 2024 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 their 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 their products, including the contractual terms, enabled them 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.

I need to decide if Revolut acted fairly and reasonably in their dealings with Ms K when she made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference.

Given the frequency of the transactions that were being made in a foreign currency, and their collective value, I'm satisfied there was justification for an intervention(s) by Revolut prior to processing Ms K's payments.

But for me to find it fair and reasonable that Revolut should refund Ms K requires more than a finding that Revolut ought to have intervened. I would need to find not only that Revolut failed to intervene where they ought reasonably to have done so - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided. That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Revolut wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold Revolut liable for not having prevented them from being made.

Here, while Revolut could've arguably done so sooner, they did carry out additional checks before processing some of the disputed payments. As part of these checks, Revolut informed Ms K that *"something doesn't look right"* and the *"transaction has been flagged by our system as a potential scam"*. And so, they needed to ask her some questions – to which they asked her to answer truthfully as, if she was being scammed, *"the fraudster may ask you to hide the real reason for this payment"*. Ms K acknowledged that she understood she may not get her money back if she didn't answer the questions truthfully.

Revolut then asked Ms K:

- ***"Is anyone pressuring you to make this transaction?"***

Is someone telling you which options to choose or telling you this is urgent?"

- ***"Is anyone prompting, or guiding you?"***

Is someone telling you to how to send this payment, which buttons to tap, etc?"

Ms K responded to these questions with *"No, I am not being guided/rushed into completing this transaction"* and *"No, I am not being guided"*. This latter response prompted Revolut to provide this warning:

"If someone is telling you to ignore these warnings, they're a scammer"

Only continue if you're sure that you are not being prompted into making a payment"

Revolut then asked Ms K why she was making these transactions, to which she selected 'transferring to my other account' followed by 'my account with another bank'. This was despite there being an option to select 'as part of an investment' – which more accurately reflected the true purpose of the payments. Ms K's response prompted further questioning and warnings provided by Revolut, but this wasn't particularly relevant to her situation as – based on her responses – they were tailored to the risk of safe account scams (not investment scams).

I appreciate Ms K has said that she was in a highly emotional state at the time and that the scammers manipulated her. I don't doubt Ms K this as, sadly, scammers do exploit their victims' vulnerabilities. So, I believe Ms K didn't intentionally set out to 'lie' to Revolut – as I accept she made the payments under the belief they were for legitimate purposes. Nevertheless, I can't fairly ignore that Revolut asked her questions relevant to her situation to which she provided inaccurate responses - and I consider it reasonable for Revolut to rely on the information received from Ms K in good faith.

Here, Ms K has confirmed that the scammers were both pressuring her into making payments and directing her over the telephone on how to answer Revolut's questions to ensure they were processed. And Ms K followed the scammers instructions despite Revolut warning her that the transactions had been flagged as a potential scam, that a fraudster may ask her to hide the reason for the payments and that, if someone was telling her to ignore their warnings, then they would be a scammer. I consider Revolut provided Ms K with warnings relevant to her situation, but she continued to make them. And a consequence of Ms K providing inaccurate information was that Revolut were unable to establish the true risks associated with the payments Ms K was making – which, in turn, prevented them from providing further warnings tailored to her situation.

Revolut, arguably, should've carried out checks beyond their automated online warnings before processing some of the payments. Due to the unusual and suspicious nature of the payments, I think a proportionate response to the risks associated with the payments would've been for Revolut to have attempted to establish the circumstances surrounding the payments before allowing them to debit Ms K's account. I think they should have done this by, for example, directing Ms K to their in-app chat to discuss the payment further.

But even if Revolut had done this, I'm not persuaded they would've uncovered the scam or prevented Ms K's loss. Ms K has told us that she fully believed the legitimacy of her actions. Because of this, on balance, I think it's most likely that Ms K would've sought and followed the guidance of the scammers on how to answer further questioning from Revolut about the payments (as she had done with the automated questions). So, while I appreciate Ms K was sadly being manipulated by the scammers, this would've similarly led to the true circumstances of why she was making the payments being withheld from Revolut – thereby preventing them from uncovering the scam. It follows that, while I'm sympathetic to Ms K's situation and the impact this scam has had on her, I cannot fairly hold Revolut responsible for her loss.

I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Ms K's losses, but I don't think they could. Due to the payments being push to card transactions, there was no clear mechanism for a successful recall to take place. And as the scam was reported to Revolut one week after the last disputed transaction being made, it's very unlikely any funds would've been left to recover. I therefore don't think there was any realistic prospect of recovery for these transactions.

I know Ms K will be disappointed by this outcome. But it would only be fair for me to direct Revolut to refund her 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 Ms K to accept or reject my decision before 17 October 2025.

Daniel O'Dell
Ombudsman