

The complaint

Mr D complains Revolut Ltd (“Revolut”) has declined to offer him a refund after he fell victim to an investment scam.

What happened

I issued a provisional decision in March 2025 to explain why I thought Mr D’s complaint should be *partially* upheld and I said I’d consider anything else anyone wanted to give me before proceeding with my final decision.

This is an extract from my provisional decision:

“The detailed background to this complaint is well known to both parties. So, I’ll only provide a brief overview of some of the key events here:

In August 2022, Mr D fell victim to an investment scam and in September 2022, he was persuaded to send £10,000 from his Revolut account to someone who said they would invest the funds on a trading platform on his behalf. This person, who I will refer to as “W”, unfortunately later turned out to be a scammer.

Mr D became acquainted with the scammer via his wife who had met him at a gym. Mr D says W told him that he was a money handler for high-net-worth individuals - he invested their money in order to facilitate growth. Mr D mentioned to W that he had some investments in place at the time but they were making a loss. W told Mr D that if he sent him the money instead he would re-invest it on his behalf and Mr D would earn a return of over 100% on his original investment, which W would guarantee.

Mr D says W was able to show him statements which detailed his personal wealth and the successful investments he’d made on behalf of others. W also introduced Mr D to his friend who he said owned the trading platform Mr D’s money would be invested on. Mr D said he looked W up on Companies House and he could see he had multiple businesses in his name which persuaded him that W was who he said he was.

Mr D decided to invest with W and a contract was drawn up. Mr D then transferred £10,000 from his Revolut account on 5 September 2022. He’d already transferred significant funds from another account he held with a different bank, which is the subject of a separate complaint.

Mr D did initially receive some “returns” into his current accounts which W referred to as his commission payments. The payments were paid into multiple different accounts – W had requested Mr D open multiple different current accounts with different financial businesses. The payments Mr D received were inconsistent, sporadic and came from W and someone he claimed to be his “Pay Master”. Eventually the transfers stopped and Mr D was told he would receive large deliveries of cash from numerous different people. The cash didn’t materialise and at this point, the scammer started to act aggressively. Mr D realised he’d likely been scammed and reported what had happened to him to Revolut.

Revolut declined to offer Mr D a refund of the funds he had lost to the scam. It said it didn't think Mr D had been the victim of a scam at all. It thought he had a civil dispute with W. It also said it had provided appropriate scam warnings to Mr D at the time the payment left his account and Mr D had chosen to make the payment to W regardless. Finally, it said that even if it were to be satisfied that Mr D had been the victim of a scam, had it spoken to Mr D at the time, it wouldn't have been able to prevent his loss. This was because Mr D was transferring money to a long-term friend whom he trusted to use his money as agreed.

Unhappy with Revolut's response, Mr D brought his complaint to our service. An investigator looked into things but they didn't uphold the complaint. They said Revolut had asked Mr D to confirm the reason he was making the payment at the time and Mr D hadn't told Revolut he was making the payment for the purposes of an investment. The Investigator felt that this had prevented Revolut from providing Mr D with a relevant scam warning and because of this, it wasn't reasonable to hold Revolut liable for Mr D's loss now.

Mr D disagreed with the investigator's findings. He said Revolut should have spoken to him in person before allowing the scam payment to leave his account. Mr D said that had Revolut done so, the scam could've been prevented.

Mr D's additional points didn't change our investigators mind and as an informal agreement could not be reached, the case has been passed to me for a decision.

What I've provisionally 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 deciding what's fair and reasonable, I am 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.

Having done so, I am currently minded to disagree with the findings put forward by our investigator and partially uphold this complaint. I'll explain why in more detail below.

Was Mr D the victim of a scam?

Having reviewed all of the evidence available to me, I am satisfied it's more likely than not Mr D has been the victim of a scam. I haven't seen any evidence that persuades me that W was able to legitimately offer investment services or that Mr D's funds were invested as agreed. Furthermore, the returns being offered here were too good to be true and the investment was supposedly guaranteed – which no legitimate investment could be.

Overall, I haven't seen anything that supports that the supposed investment Mr D entered into was legitimate and I'm satisfied he was likely the victim of a scam.

Revolut's obligations

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC,

subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

In this case, the terms of Revolut's contract with Mr D modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".

So Revolut was required by the implied terms of its contract with Mr D and the Payment Services Regulations to carry out his instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I'm satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in September 2022 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²*

¹ The Payment Services Regulation 2017 Reg. 86 states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account **by the end of the business day following the time of receipt of the payment order**" (emphasis added).

² For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: <https://www.revolut.com/news/revolut-unveils-new-fleet-of-machine-learning-technology-that-has-seen-a-fourfold-reduction-in-card-fraud-and-had-offers-from-banks/>

- *requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- *using the confirmation of payee system for authorised push payments;*
- *providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- *Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3)³.*
- *Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “Financial crime: a guide for firms”.*
- *Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor its customer’s accounts and scrutinise transactions.*
- *The October 2017, BSI Code⁴, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*

Overall, 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 September 2022 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 (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years,*

³ Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

⁴ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

- which firms are generally more familiar with than the average customer;
• 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 – (as in practice Revolut sometimes does).

Should Revolut have recognised that Mr D was at risk of financial harm from fraud?

I'm satisfied Revolut should've had concerns about this payment and the APP scam risk it presented. I say this because this was the first payment leaving a newly opened Revolut account. It was of significant value and was being made to a new payee after a large transfer in from another account. The transaction also reduced the balance on the account to zero. So, overall, I'm satisfied the activity on Mr D's account should've raised suspicion.

What did Revolut do to warn Mr D?

Revolut did provide a warning when Mr D attempted to make this payment. This warning said:

"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. Remember that fraudsters can impersonate others, and we will never ask you to make a payment."

While this warning does inform Mr D that Revolut may not be able to get his money back should it turn out that he is falling victim to a scam, it requires no interaction or real engagement from Mr D and in my view, it lacks sufficient context to have been impactful in Mr D's circumstances. In other words, I don't consider it to be a proportionate response to the risk the scam payment presented.

While I accept Revolut has attempted to take some steps to prevent harm from fraud, the warning it provided here was too generic to have the necessary impact, unless Mr D already had doubts about who he was speaking to (at the point of making the transaction under discussion here, Mr D thought he was dealing with a friend). I've seen no evidence of such doubts.

So, having thought carefully about the risk this payment presented, I think a proportionate response to that risk would've been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr D's account.

I acknowledge that Revolut asked Mr D to input the reason for the payment via its app during the payment process and Mr D didn't tell Revolut he was making the payment for the purposes of an investment – he clicked "something else" instead. But given the significant risk presented by this payment, I think Revolut should have done more than request this information via a multiple choice drop down. I'm satisfied Revolut should have sought to speak with Mr D in person, for example, by directing Mr D to its in-app chat to discuss the payment further.

If Revolut had done more to establish the circumstances surrounding the payment, would the scam have come to light and Mr D's loss been prevented?

Had Mr D told Revolut he was sending money to a friend's personal account for the purposes of an investment and that his friend had told him the investment would generate substantial guaranteed profits over a short period of time, I'm satisfied Revolut would've

recognised Mr D was likely falling victim to a scam. It would have been able to provide a very clear warning and, given that Mr D had no desire to lose his money and nothing to gain from going ahead with the payment, it's very likely that he would have stopped, not followed the W's instructions and his loss would have been prevented.

So, I've firstly considered whether Mr D would've revealed that he was being asked to move money to a friend's account so he could invest on his behalf.

Revolut has said that when Mr D was attempting to make the payment, he was asked to enter the reason he was making the payment in his Revolut app. Revolut says it provided Mr D with the option to pick "investment", but Mr D chose the option "something else" instead. However, When Mr D entered the payment reason "something else" I don't think he set out to deliberately deceive Revolut. I don't think he realised the importance of this question and he picked what he thought was a reasonable answer. Had Mr D been required to positively engage with another person at Revolut, I'm satisfied he would've had to actively engage with the questions in real time and consider his answers and I haven't seen anything to persuade me that he would've deliberately chosen to mislead Revolut – he had no reason to. He genuinely believed he was transferring money to a legitimate investment.

Ultimately, as Revolut didn't question the payment Mr D made in person, it can provide no compelling evidence that he would have actively misled it about the purpose of the payment or the surrounding circumstances.

So, Revolut should, once it had established why Mr D was making the payment, provided a very clear warning that explained, as a minimum, that the returns being offered to him were too good to be true and that it was impossible for any investment to be guaranteed – it wasn't plausible that a legitimate broker would personally guarantee returns as this would expose them to significant financial risk. Revolut should've also highlighted to Mr D that it was of significant concern that he was transferring money to a friend's personal account – a friend he had only met in person around five times and that didn't appear to have any externally verifiable connection to the financial services industry. Overall, I'm satisfied Revolut should've warned Mr D that he was likely falling victim to a scam.

I think, on the balance of probabilities, that's likely to have caused Mr D to stop. He didn't want to lose his money and I can see no reason for him to have continued to make the payment if he was presented with a warning of this nature. He would've been actively engaging with someone in real time who would've had been able to tell him that his circumstances had all the classic hallmarks of this type of a scam.

So, I'm satisfied that had Revolut established the circumstances surrounding this payment, as I think it ought to have done, and provided a clear warning, Mr D's loss would have been prevented.

Should Mr D bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

My intention is not to further Mr D's distress where he's already been the victim of a cruel scam. I've taken on board what Mr D has said about what the scammer explained to him during face-to-face meetings and the pressure he says he was placed under. I've also taken into account he'd just had a new baby and was sleep deprived.

As I've said above, I think Revolut could've prevented the scam had it directly engaged with Mr D. However, I am also satisfied that Mr D should've had serious concerns about what he was being told by W from the outset and that he should've questioned the legitimacy of the supposed investment. Specifically:

- There wasn't any independent information that verified W had any links to the financial services industry or that he was able to legitimately offer investment or trading services. All the information came from the scammer and his friends and Mr D appears to have believed what he was being told by W without trying to independently verify the information he was being given.*
- The investment Mr D was offered did not sound genuine and it's unclear how the investment was supposed to work or how it could generate such large profits. Mr D says W wouldn't answer these questions, even when asked directly. And I think this should have caused concern at the time.*
- Many of the conversations Mr D had with W took place over a text-messaging service - which is not a method used to arrange and agree legitimate investments. The language used by W wasn't professional and wasn't what I'd expect of a genuine broker either. I therefore think that the nature of the messages, in combination with the other factors, ought reasonably to have led Mr D to have concerns.*
- The rate of return Mr D was offered and the timescale to receive it in was too good to be true. And even more concerning was that Mr D was told that his original investment would be guaranteed. No investment is guaranteed and it's unclear why a legitimate broker would personally guarantee an investment and expose themselves to such risk. And so, I'm satisfied that what was being offered here was so unrealistic and unlikely that Mr D ought reasonably to have had significant concern about the legitimacy of the opportunity that was presented to him. That, in turn, ought to have led to a greater degree of checking on his part.*
- Mr D has said he did carry out some checks on W, including finding him on Companies House. However, none of the businesses relating to W on Companies House are related to financial services. The majority relate to lifestyle and fitness. So, Mr D wouldn't have been able to verify what W had told him about him working in the financial services industry. This should have been a red flag for Mr D rather than offering him reassurance.*
- If Mr D was investing through a genuine company, I'd expect to see the funds he paid go to a company. However, the funds in dispute here were paid directly into W's personal account.*

So, overall, and based on the evidence I've seen, I'm satisfied Mr D accepted what W told him at face value without completing any independent verification checks of his own. At the point he agreed to invest, he was essentially making payment to the personal account of someone he had only met on around five occasions. Given the particular circumstances of this case and the sums involved, I'm not satisfied this was reasonable and I think he should've taken steps to check who he was speaking with before agreeing to make payments out of his account. For this reason, I'm satisfied he should share liability for his loss with Revolut.

In summary, I think Revolut should've intervened when Mr D attempted to make the £10,000 payment from his account and if it had Mr D's loss could've been prevented. However, I think it's fair for Mr D to share the responsibility for his loss with Revolut for the reasons I've set out above and therefore my starting point for any redress calculation is that Revolut should refund 50% of Mr D's overall loss.

Mr D's returns

As part of his involvement with W, Mr D also received what he thought were “returns” on his investments into his Revolut account and into accounts he held with other financial businesses too. Some of these returns will be taken into account as part of Mr D’s other complaint. However, I also think it would be reasonable for Revolut to take into account some of the returns Mr D received into his Revolut account and others as part of this complaint. I’ll explain why.

As part of this scam, Mr D paid £31,200 in total to W. He paid £21,200 from an account he holds with a third-party bank and £10,000 from his Revolut account – which forms the basis of this complaint. However, Mr D also received “returns” into this account amounting to £1,100. It’s reasonable for Revolut to take these returns into account when calculating Mr D’s overall loss as it wouldn’t be fair to say Mr D was out of pocket by £10,000 if £1,100 was ultimately returned to him.

I also think it would be fair for Revolut to take into account some of the returns Mr D received into his other accounts for the same reasons – so Revolut can accurately calculate his actual losses as a result of his involvement with W.

As Mr D paid a third of his funds from his Revolut account it would be reasonable for Revolut to take into account a third of the returns he received into his other accounts - £214.

So, when calculating Mr D’s overall loss, it would be fair for Revolut to take into account the £1,100 Mr D received into his Revolut account and a third of the “returns” received elsewhere, amounting to £214. This would mean the starting point for Revolut’s calculation would be £8,686. Revolut is then entitled to reduce this amount by 50% to take into account the role that Mr D played in the success of the scam.

I understand that Mr D is likely to be unhappy with this calculation but it’s important that his overall actual loss is calculated accurately. It wouldn’t be fair for me to only consider the payments Mr D paid to W and not the payments he received from W.

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 I reached in my provisional decision, for the same reasons. I’ll explain why in more detail below:

Revolut didn’t respond to my provisional decision but Mr D did and he asked me to take into consideration some additional points. He felt that all of the returns he’d received as part of the scam had already been taken into account as part of his other complaint. He pointed out that it wouldn’t be fair to deduct them again here. He also stressed Revolut’s role in the success of the scam and its ability to identify potentially fraudulent transactions compared to his. Because of this, Mr D said Revolut’s level of responsibility should be greater than his. I’ll address each point in turn.

I don’t agree that Mr D’s total returns have already been taken into account as part of his other complaint.

As part of the scam, Mr D made payments totalling £10,000 from his Revolut account and he received “returns” into the same account amounting to £1,100. In my provisional decision, I

said it would be reasonable for Revolut to take these returns into account as part of this complaint.

Mr D also made payments amounting to £21,200 to the scammer from an account he holds with a third-party bank. These payments are subject to a separate complaint. Mr D also received “returns” into his third-party account amounting to £3,850. These returns have been taken into account as part of Mr D’s other complaint. The returns Mr D received into his Revolut account have only been taken into account as part of this complaint.

I’ve also taken into account the fact that Mr D also received returns into other accounts. In total, these returns amount to £640. It is necessary to factor these returns into any proposed redress calculations in order to avoid Mr D being over-compensated. As I stated in my provisional decision, I believe it would be reasonable for Revolut to take into account one third of the returns Mr D received into third party accounts as part of this complaint. This amounts to £214. The rest of the returns have been taken into account as part of Mr D’s other complaint - £426.

Overall, this means that the total amount received by Mr D has been taken into account when calculating any redress now due to him across his two complaints. None of the returns have been deducted twice.

Furthermore, I went into some detail in my provisional to explain why I thought it would be fair and reasonable for Mr D and Revolut to equally share responsibility for the success of the scam. I have taken into account Mr D’s arguments but they do not change my mind and I see no reason to depart from the conclusions I reached as part of that decision.

Putting things right

Overall, I’m satisfied that it’s fair and reasonable to require Revolut to pay Mr D:

- 50% of his total overall loss taking into account the returns I have referred to above.
- Pay interest on the 50% refund calculated at a rate of 8% simple to compensate Mr D for the amount of time he has been out of pocket*

*If Revolut Ltd considers that it’s required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D how much it’s taken off. It should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

My final decision is that I partially uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr D to accept or reject my decision before 25 April 2025.

Emly Hanley Hayes
Ombudsman