

## The complaint

Mrs B complains that Revolut Ltd won't refund several payments she says she made and lost to a scam.

## What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. In summary, Mrs B watched a video on social media about an investment firm which I shall refer to as 'C'. C was promoting investments in forex and commodities. She was told to open an account on the trading platform and with cryptocurrency exchanges so she could make payments to the investment. When she purchased the cryptocurrency, it appeared the funds were crediting the platform, therefore this convinced her it was genuine. Mrs B says after she'd made some profit, she tried to withdraw the funds, but was asked to pay further fees. Following this she realised she'd been scammed.

The transactions appeared on Mrs B's account as follows:

Date	Type of transaction	Amount
20/10/2022	Card Payment	£1,000
27/10/2022	Card Payment	£1,000
01/11/2022	Card Payment	£1,000
02/11/2022	Card Payment	£2,000
09/11/2022	Card Payment	£5,000
09/11/2022	Card Payment	£5,000
05/12/2022	Faster payment	£4,425
05/12/2022	Faster payment	£575
05/12/2022	Faster payment	£2,915
05/12/2022	Faster payment	£2,070
08/12/2022	Incoming payment	£484
16/12/2022	Card Payment	£8,300
16/12/2022	Card Payment	£450

Revolut looked into the complaint but said that Mrs B authorised the payments via 3DS authentication, and the payments were made into cryptocurrency accounts held in her own name as such she would have had control over where the funds were being sent to. And prior to sending the faster payments Mrs B was provided with a warning asking her to confirm she trusted the recipient. Therefore, Revolut didn't reimburse Mrs B's lost funds, so she referred her complaint about Revolut to us.

Our Investigator recommended Revolut refund Mrs B 50% of the disputed transactions from payment five onwards minus any funds returned from the scam. Mrs B accepted the Investigator's opinion, but Revolut disagreed. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a decision.

I issued my provisional findings on 25 February 2025, in summary I said:

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*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 Mrs B modified the starting position described in Philipp, by – among other things – 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 terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks. In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.*

*I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.*

*Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.*

*Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in October 2022 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.*

*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 did in fact seek to take those steps, often by:*

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>1</sup>*
- 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.*

*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)<sup>2</sup>.*
- 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*

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<sup>1</sup> 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/](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/)

<sup>2</sup> 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.

*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 Code<sup>3</sup>, 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).*
- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.*

*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 October 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, 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); and have been mindful of – among other things – common scam scenarios, how the 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.*

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<sup>3</sup> BSI: PAS 17271: 2017" Protecting customers from financial harm as result of fraud or financial abuse"

*Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in October 2022, Revolut should in any event have taken these steps.*

*Should Revolut have recognised that Mrs B was at risk of financial harm from fraud?*

*Mrs B opened her account with Revolut on 20 October 2022 which was the same day as the scam commenced. As such, it could be argued that this would have made it difficult to detect uncharacteristic payments (given the lack of account history). However, I don't agree that this prevents Revolut from appropriately identifying suspicious activity. I also have to take into consideration other factors.*

*Mrs B made the first payment of £1,000 on the same day as she opened the account with Revolut. She then made a second to fourth payment a few days apart. And while payment one to three were all the same payment value, payment four had doubled in value.*

*However, based on the payment value and the time between the payments, I'm satisfied it wouldn't be reasonable to have expected Revolut's systems to have been triggered by payments one to four. I say this because the payments were all relatively low in value and the volume of payments were not made in quick succession. As such it didn't appear the payments were being made under pressure and Mrs B had sufficient time to reflect and carry out any research she wished to do between each payment.*

*While I accept that the amount of money Mrs B sent is clearly significant to her, this doesn't in itself suggest a heightened risk of fraud. On balance, taking into account that Revolut needs to take an appropriate line between protecting against fraud and not unduly hindering legitimate transactions, and also considering the value and pattern of these payments, I don't think Revolut ought to have been sufficiently concerned about these payments.*

*Therefore, it would not be fair and reasonable to expect it to have provided warnings to Mrs B at this point.*

*However, on 9 November 2022, Mrs B made a payment for £5,000 (payment five) that was identifiably going to a cryptocurrency provider. It was also larger than any other payment that had debited Mrs B's account and was seven days after her last transaction. As the previous transactions on Mrs B's Revolut account were all to cryptocurrency exchanges, I accept the subsequent cryptocurrency purchase would not have been entirely out of character.*

*However, in comparison with the previous transactions, payment five was an escalating payment of an increased value being a potential indicator of fraud. Therefore, in my view, there was enough about the characteristics of this transaction and the activity on Mrs B's account that ought to have been concerning; such that Revolut should have intervened at that time to indicate she could be at risk of fraud. So, I am satisfied that it is fair and reasonable to conclude that Revolut should have warned its customer before this payment went ahead.*

*To be clear, I do not suggest that Revolut should provide a warning for every payment made to cryptocurrency. Instead, as I've explained, I think it was a combination of the characteristics of this payment (combined with those which came before it, and the fact the payment went to a cryptocurrency provider) which ought to have prompted a warning.*

*What kind of warning should Revolut have provided?*

*I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances given when the scam occurred. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider having been good industry practice at the time this payment was made.*

*Taking that into account, I think Revolut ought, when Mrs B attempted to make the fifth payment, to have provided a general scam warning. This is based on when the scam occurred, the risk it presented and the fact that there had been payments made previously to the same crypto account. So, I have considered if a general scam warning would have made a difference, and I don't think it would have. I say this because Mrs B's representative has said that Mrs B was very impressed by the scam platform, the ongoing support from the scammer and had carried research out on the cryptocurrency platform, as such she was convinced the scam was legitimate. Therefore, I am not persuaded that a general scam warning (which would have been proportionate at that time) would have dissuaded her from investing.*

*In other words, whilst Revolut didn't intervene at the point of transaction five, I don't think a general warning from it would have made a difference to Mrs B. Any failings by Revolut at transaction five were not the dominant, effective cause of her loss.*

*Should Revolut have recognised that Mrs B was at risk of financial harm from fraud from any other payments?*

*On 9 November 2022 (after payment five as discussed above) Mrs B sent a further payment of £5,000. So, in total, on 9 November 2022 Mrs B sent £10,000. This was identifiably out of character for Mrs B's expenditure on the account, in terms of value, daily expenditure and an increase in frequency of the transactions going to a cryptocurrency exchange.*

*So, with that in mind, considering what Revolut knew about the destination of the payment and previous activity on the account, I consider that payment six should have led Revolut to consider if Mrs B was at greater risk of financial harm from fraud and should have taken further additional steps before allowing the payment to be processed.*

*I think a proportionate response to that risk would be for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mrs B's account. I think it should have done this by, for example, directing Mrs B to its in-app chat to discuss the payment further.*

*If Revolut had attempted to establish the circumstances surrounding Payment six, would the scam have come to light and Mrs B's losses been prevented.*

*I think it's reasonable to conclude Revolut ought to have asked Mrs B further questions (via the in app-chat) as highlighted above. In my view it would have been proportionate for Revolut to have asked Mrs B to provide details such as: to whom the money was being paid to and why. I think Revolut ought to have asked how she had come across the investment, had she received any withdrawals, the promised returns, and her overall investment experience. I think if Revolut had done this Mrs B would have answered the questions openly and honestly. I say this because I haven't seen anything surrounding the scam which would indicate that Mrs B would have provided inaccurate information or not have been forthcoming with the information. There is no evidence to suggest the scammer provided Mrs B with a cover story and as I am persuaded Mrs B thought this was a genuine opportunity, I am satisfied there wasn't anything she thought she needed to withhold from Revolut.*

*Therefore, based on that if Revolut had asked the questions outlined above I am satisfied that the information Mrs B would have provided would have alerted a reasonably competent Revolut employee to be able to identify that something wasn't right. I say this because, I am persuaded that Mrs B would have told Revolut it was an investment opportunity she had seen advertised on social media, there was a broker involved who had told her to move her money and the returns which had been promised and her lack of investment experience. As such, Revolut would have been able to give a clear warning and given that Mrs B had no desire to lose her money it's very likely that she would have stopped, not completed any transfers and her loss would have been prevented.*

*Overall, I think that an in-app chat with Revolut would have identified the scam and ultimately the payment wouldn't have gone ahead.*

*Is it fair and reasonable for Revolut to be held responsible for Mrs B's loss?*

*In reaching my decision about what is fair and reasonable, I have taken into account that Mrs B purchased cryptocurrency which credited an e-wallet held in her own name for some of the transactions in question, rather than making a payment directly to the fraudsters. So, she remained in control of her money after she made the payments from her Revolut account and took further steps before the money was lost to the fraudsters.*

*But as I've set out in some detail above, I think that Revolut still should have recognised that Mrs B might have been at risk of financial harm from fraud when she made Payment six, and in those circumstances, it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Mrs B suffered.*

*The fact that the money used to fund the scam came from elsewhere and/or wasn't lost at the point it was transferred to her own account does not alter that fact and I think Revolut can fairly be held responsible for Mrs B's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.*

*I've also considered that Mrs B has only complained against Revolut. I accept that it's possible that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mrs B could instead, or in addition, have sought to complain against those firms. But Mrs B has not chosen to do that and ultimately, I cannot compel her to. In those circumstances, I can only make an award against Revolut.*

*I'm also not persuaded it would be fair to reduce Mrs B's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position. Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Mrs B's loss from Payment six, (subject to a deduction for Mrs B's own contribution which I will consider below).*

*Should Mrs B bear any responsibility for her losses?*

*I've considered whether Mrs B should share any liability for the loss. 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. Overall, I do think it's fair to expect Mrs B to share liability equally with Revolut. I'll explain why.*

*I appreciate Mrs B has said the scammer had come across as professional and able to answer all her questions, accompanied by what Mrs B says about a professional trading platform. So, I accept there were relatively sophisticated aspects to this scam. However, I do think there were some red flags Mrs B ought to have picked up on.*

*Firstly, Mrs B was promised unrealistic returns, while I accept Mrs B was an inexperienced investor, I think 40% returns would have flagged to most people as too good to be true, as such I think it is reasonable to conclude Mrs B ought to have been concerned.*

*I have also reviewed some of the links Mrs B was sent (which helped to convince her that the investment company was real). And again, while I appreciate Mrs B wasn't an experienced investor, the name of the company she thought she was investing with differed slightly to the links she was sent highlighting it was FCA registered.*

*I have also reviewed the 'client agreement' Mrs B has sent our service, and again the name of the investment company differed to that on the documentation she provided. So, I do think based on some of the information available to her that there was a possibility that the investment company wasn't genuine, or that she might not recover her money. In those circumstances it would not be fair to require Revolut to compensate her for the full amount of her losses.*

### Recovery

*As the payments were made by card the chargeback process is relevant here. However, Mrs B transferred the money to a legitimate cryptocurrency exchange. As such, she would have converted the money into crypto prior to sending the money onto the scammer. Therefore, Mrs B received a 'service' from the crypto exchange, so a chargeback wouldn't have been successful.*

*For the payments which were made via Faster Payment I can see Revolut submitted a recall on 13 August 2023, however the receiving bank confirmed that no funds remained.*

### Putting things right

*For the reasons I have explained above, I feel Revolut ought to have recognised that Mrs B might have been at risk of financial harm from fraud when she made Payment six, and in those circumstances, it should have declined the payment and made further enquiries. So, it follows that I think it's reasonable Revolut should pay Mrs B:*

- 50% of all payments from payment six minus any funds returned or withdrawn from the scam.*
- 8% interest on that amount from the date the payment was paid to the date of settlement."*

Mrs B responded and accepted my provisional findings. Revolut didn't respond.

### **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, and in light of Revolut not providing any further comments or evidence for me to consider, it follows that my decision remains the same as outlined in my provisional findings.

### **Putting things right**

For the reasons I have explained above, I feel Revolut ought to have recognised that Mrs B might have been at risk of financial harm from fraud when she made Payment six, and in

those circumstances, it should have declined the payment and made further enquiries. So, it follows that I think it is reasonable Revolut should pay Mrs B:

- 50% of all payments from payment six minus any funds returned or withdrawn from the scam.
- 8% interest on that amount from the date the payment was paid to the date of settlement.

### **My final decision**

My final decision is that I uphold this complaint in part and require Revolut Ltd to pay Mrs B in line with the redress I have highlighted above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 10 April 2025.

Jade Rowe  
**Ombudsman**