

The complaint

Mr E complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

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.

Mr E saw an advert online for a Company T, which was endorsed by a well-known celebrity. He wasn't actively looking to invest, but the advert caught his attention because it suggested he could make between 5% and 10% profit per month by investing in cryptocurrency.

Mr E checked Trust Pilot for reviews about T and followed the scammer's instructions to download AnyDesk remote access software to his device. He also opened accounts with a cryptocurrency exchange and Revolut, selecting 'spending abroad, 'metal card, 'transfers' and 'cashback' as the account opening purposes.

The scammer asked Mr E to first purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. Mr E was convinced into taking loans amounting to £70,000 during the scam period. The loan funds were transferred from Bank B to Revolut, and between 15 July 2022 and 30 August 2022, he transferred eleven payments from Revolut totalling £79,519 to three different beneficiaries.

During the scam period he received payments into the account for £129 and £20,000. But when Mr E said he wanted to withdraw his profits, the scammer told him he'd have to make further payments and he realised he'd been scammed when he was unable to withdraw his funds. He complained to Revolut, but it said it didn't have enough information to investigate so he complained to this service with the assistance of a representative.

Mr E explained he was coached to tell Revolut that the transactions were legitimate and part of his property business. His representative said he didn't understand the importance of Financial Conduct Authority ("FCA") registration and wasn't aware of the risk involved in sending money via cryptocurrency. They said Revolut should have intervened because even though there was no spending history, Mr E was sending large amounts of money to the account before moving it out to cryptocurrency exchanges.

The representative said Revolut should have intervened sooner and, had it done so, it would have discovered that Mr E had found the investment through a celebrity endorsement on social media, he'd installed remote access software, he hadn't met the scammer in person, the scammer had opened the cryptocurrency account using AnyDesk, the returns were unrealistic, and he was experiencing difficulty making withdrawals from the platform. Further, Mr E didn't know much about cryptocurrency and was funding the payments through loans.

Responding to the complaint, Revolut explained Mr E first reported the scam on 10 October 2022 and the investigation was never completed because he was non-cooperative. It said T

had no online presence in July 2022, so Mr E either didn't complete any searches, or he invested large sums of money knowing it had no online presence. Further, he took out multiple loans to fund the investment, which should have been a red flag, and it's likely he falsified the loan application.

Revolut said it didn't contact Mr E via call or live-chat, but on 30 August 2022 when he transferred £4,999 to the second beneficiary, he was asked to provide a payment purpose and he selected 'transfer to a safe account', which was incorrect.

Finally, it explained the beneficiaries weren't contacted due to absence of any evidence but as Mr E transferred the funds to account in his own name and control before transferring them to external cryptocurrency wallets, a recovery of the funds wouldn't have been possible.

Our investigator thought the complaint should be upheld. He explained that Revolut should have intervened when Mr E paid £5,000 on 1 August 2022. He thought Revolut ought to have asked for the purpose of the payment and provided a warning based on the answer Mr E gave. But he didn't think this would have made a difference because he proceeded with the payment on 30 August 2022 when Revolut had intervened in this way.

He thought Revolut ought to have been concerned about the £19,000 payment Mr E made on 4 August 2022 because it was a large payment from a newly opened account and the payments had increased in value. He thought Revolut should have questioned Mr E via its live chat, and he'd expect it to have provided a warning tailored to cryptocurrency investment scams. He further explained that he thought a tailored warning would have resonated with Mr E because he'd downloaded AnyDesk, he'd found the opportunity on social media, there was a celebrity endorsement, and he'd been coached to lie. So, he was satisfied this would have stopped the scam.

He recommended that Revolut should refund the money from this payment onwards, but that liability should be shared between both parties because if Mr E had researched the celebrity endorsement, he'd have realised it was a red flag for fraud. He should also have realised that a legitimate investment company wouldn't encourage someone to take out loans to fund an investment, and questioned why he was being asked to pay fees and taxes to withdraw his funds.

Revolut asked for the complaint to be reviewed by an Ombudsman, arguing that our investigator failed to address all the points it has raised and that if this service departs from the law, we should say so in their decision and explain why.

Revolut cited the Supreme Court's judgment in *Philipp v Barclays Bank UK plc* [2023] UKSC 25, where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, 'no inquiries are needed to clarify or verify what the bank must do' and 'the bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank'.

It also argued that for this service to effectively apply the reimbursement rules to self-to-self transactions executed by Revolut is an error of law. Alternatively, we have irrationally failed to consider the fact the transactions are self-to-self and therefore distinguishable from transactions subject to the regulatory regime concerning APP fraud. It argued that it is irrational (and illogical) to hold Revolut liable for customer losses in circumstances where it is merely an intermediate link, and there are typically other authorised banks and other financial institutions in the payment chain that have comparatively greater data on the customer than Revolut, but which the FOS has not held responsible in the same way as Revolut.

My provisional findings

I issued a provisional decision on 27 February 2025, in which I stated as follows:

I'm satisfied Mr E 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr E didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

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.

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 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;
- 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 is a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency merchants. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr E when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr E from financial harm due to fraud.

The first six payments were to a legitimate cryptocurrency merchant, but as Mr E used a payments platform, it wouldn't have been clear from the account details that he was buying cryptocurrency. The first payment was low value and so Revolut didn't need to intervene, but the second payment was for £5,000, so Revolut should have intervened. However, in August 2022, I would only expect Revolut to have provided a written warning that broadly covered the general scam risk, and as Mr E had checked Trust Pilot, reviewed T's website, and trusted the scammer, I don't think this would have been enough to dissuade him from making the payment, particularly as he'd been impressed by the celebrity endorsement.

I agree with our investigator that Revolut should have done more when Mr E made the third payment because the payment was for £19,000, which was significantly higher than the first two payments. Because of the size of the payment, Revolut should have contacted Mr E via its live chat facility and asked some probing questions about the circumstances of the payment.

I've considered whether Mr E would have answered the questions openly and I accept he said he was transferring funds to a safe account when he was asked to give a payment purpose on 30 August 2022, but I think this was likely selected at random as opposed to an effort to deliberately mislead Revolut. I also note Revolut's suggestion that he might have misrepresented the purpose of the loans on the loan application, but I don't consider this would necessarily mean he would lie to his bank during a scam conversation.

However, Mr E accepts he was coached by the scammer to tell the bank the transactions related to his property business and as it wouldn't have been apparent that he was buying cryptocurrency, this would have been a plausible explanation. Consequently, I don't think he'd have disclosed that he was sending the funds for an investment or that he was being assisted by a third party who he'd found on social media. So, I don't think Revolut would have detected the scam.

Revolut did intervene on 30 August 2022 when Mr E sent funds to a new beneficiary, and I don't think there were any missed opportunities to intervene before then. I've considered what happened on 30 August 2022 and I'm satisfied the intervention was proportionate and because Mr E didn't tell it about the investment, it was prevented from detecting the scam.

Revolut has been unable to produce evidence of what happened Mr E told it he was sending funds to a safe account, but I would expect it to have asked more questions, possibly via its live chat facility. Had it done so, I think it's likely Mr E would have said this was a mistake and told it the payment related to his business, in line with what he'd been coached to say by the scammer. In those circumstances, I think Revolut would have accepted his explanation as plausible and he'd have been allowed to proceed with the payment, possibly following some general scam advice.

Consequently, while I think Revolut did miss two opportunities to intervene and that it possibly could have done more on 30 August 2022, I don't think this represented missed opportunities to have prevented the scam and so I'm not minded to ask it to do anything further to resolve this complaint.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr E paid accounts in his own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Mr E to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

Developments

Mr E's representative has made further comments for me to consider. They disagree that a generic written warning on 1 August 2022 wouldn't have uncovered the scam suggesting it would have outlined common red flags including the use of AnyDesk, social media and celebrity endorsements as well as the involvement of a broker, returns which are too good to be true, and being encouraged to take out loans, and that this would have resonated with Mr E. They've also suggested that Revolut should have given a cryptocurrency scam warning because Mr E was sending funds from a newly opened account to a payments platform which provided cryptocurrency services.

Regarding the payment for £19,000 on 17 August 2022, the representative has argued that while Mr E was told to say the payment related to his property business, there's no evidence to suggest he'd have followed this advice. They've suggested that Revolut should have asked Mr E why he set up the Revolut account, why he was using a payments platform, and how he was funding the payments. And if he'd used the cover story suggested by the scammer, Revolut should have asked him questions and required him to provide any relevant documentation, which he wouldn't have been able to do.

Finally, the representative has argued that Mr E wasn't asked any probing questions about the payment he was making on 30 August 2022, as Mr E recalls he was only asked to provide proof of funds.

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've considered the further comments made by Mr E's representative but I'm afraid the findings in my final decision will be the same as the findings in my provisional decision.

Mr E's representative has suggested that Revolut should have given a Mr E a cryptocurrency scam warning on 1 August 2022 because he was sending funds to a payments platform which provided cryptocurrency services. But as I said in my provisional findings, the payments platform offers cryptocurrency services, but it also offers various payment services including money transfers. And in August 2022, I would only expect Revolut to have provided a written warning that broadly covered the general scam risk.

They've also suggested that a generic written warning would have outlined the common red flags of an investment scam and that this would have resonated with Mr E. But I don't agree that a generic scam warning would have included this level of detail and so I maintain my position that it wouldn't have resonated with Mr E.

The representative has argued that there's no evidence that Mr E would have lied if Revolut had questioned him about the payment on 17 August 2022. Mr E accepts the scammer coached him to lie, and while I don't think lying on a loan application is necessarily evidence that he'd have lied during a scam conversation with Revolut, the fact he was prepared to take out loans and open accounts with Revolut and the cryptocurrency exchange is evidence that he was acting under the scammer's guidance.

Further, it's clear from the messages between Mr E and the scammer that he trusted the scammer and that he was in contact with him on 17 August 2022, around the time I think Revolut ought to have contacted him. On that date, he was required by Bank B to attend the branch to discuss payments he was making from that account, and he was in contact with the scammer while he was there. The scammer told him that banks don't like customers to invest in cryptocurrency because they (the bank) will lose money and to tell Bank B that he was sending funds to his own account, which he did.

While I accept that he was sending funds from Bank B to his own account and therefore he didn't actually lie to Bank B, the contemporaneous contact with the scammer tells me he was seeking and following his guidance at the time of the payment and would have likely done so had Revolut contacted him on 17 August 2022. So, I'm satisfied, on balance, that he'd have told Revolut the payment related to his property business if questioned.

The representative has further argued that if Mr E had told Revolut the payment was related to his property business, it should have asked probing questions and requested documentary evidence, which would have shown he was lying. I agree that banks and EMI's ought to scrutinise information provided by customers, particularly where the payments are high value. But as I noted in my provisional findings, the explanation would have been plausible because the payee offers various payment services including money transfers. And in those circumstances, I don't agree that there would have been enough suspicion to justify Revolut asking for documentary evidence or to disbelieve what he'd said about the purpose of the payment. So, while I think Revolut should have intervened on 17 August 2022, I don't think this represented a missed opportunity to stop the scam.

Finally, dealing with Mr E's representative's comments about the intervention on 30 August 2022, I maintain my position that I've Revolut had asked Mr E more questions following his declaration that he was sending funds to a safe account, that he'd likely have said the payment related to his business, in line with what he'd been coached to say by the scammer.

I'm sorry to hear Mr E has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I'm not minded to tell it to do anything further to resolve this complaint.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 14 April 2025.

Carolyn Bonnell
Ombudsman