

The complaint

Ms M complains that Revolut Ltd won't refund money she lost when she fell victim to a scam.

What happened

Ms M saw an advert online for an investment opportunity which appeared to be endorsed by a well-known financial journalist. She left her details and was contacted by someone who helped her through setting up her trading account and making payments to the investment. Ms M believed she was making good profits, but when she tried to withdraw them, she was asked to make various payments to facilitate that withdrawal. Unfortunately, and unknown to Ms M, the investment was not legitimate, she was dealing with a scammer.

The payments Ms M made to the scam are detailed below, she funded her Revolut account with payments in from her main bank account which was held with a bank I'll call B. From Revolut, Ms M's payments went to a third-party payment processor ('T') from where the funds were then sent to cryptocurrency wallets.

Payment	Date	Amount	Payee
Credit	13/06/2023	£1,000	Credit from Ms M's account at B
Payment out	13/06/2023	£1,000	Transfer to T
Failed credit	15/06/2023	£2,000	Credit from Ms M's account at B – this payment was returned to B
Credit	16/06/2023	£1,000	Payment returned from T
Payment 1	16/06/2023	£990	Transfer to T
Credit	19/06/2023	£2,000	Credit from Ms M's account at B
Payment 2	19/06/2023	£2,000	Transfer to T
Credit	19/06/2023	£3,000	Credit from Ms M's account at B
Payment 3	19/06/2023	£3,005	Transfer to T
Credit	20/06/2023	£4,200	Credit from Ms M's account at B
Payment 4	20/06/2023	£4,200	Transfer to T
Credit	20/06/2023	£5,200	Credit from Ms M's account at B
Payment 5	20/06/2023	£5,200	Transfer to T
Credit	22/06/2023	£8,895	Credit from Ms M's account at B
Debit	22/06/2023	£8,800	Transfer back to Ms M's account at B

Ms M spoke to B on 21 June and expressed concerns about the payments she was making, B told her to contact Revolut. On 22 June Ms B spoke to B again and was told she was

definitely being scammed, so she returned the final payment to her account at B rather than passing it on to the scammer.

Ms M contacted Revolut to let it know what had happened, but it declined to refund any of the disputed payments. Revolut said that the payments were not unusual given the limited account history and how Revolut accounts are generally used.

Unhappy with this, Ms M referred her complaint to our service. Ultimately, our investigator thought Revolut could have intervened more directly at the time of Payment 3, and questioned Ms M about what the payments were for, but they did not think any such intervention would have stopped the scam, as they considered that Ms M was far enough under the spell of the scammers that she would have continued with the payments in an effort to recover her losses. They also didn't consider that any intervention later in the scam would have stopped Ms M from making any further payments.

We have also considered Ms M's complaint against B, and Ms M has expressed unhappiness with the overall findings across both complaints. In reference to Revolut, she has said that it should have intervened in some way and that if it had done then the scam would likely have been stopped.

As an agreement couldn't be reached, both complaints were passed to me to decide. I issued my provisional decision on this complaint on 6 March 2025, explaining why I felt that Revolut should bear some responsibility for Ms M's loss here.

Ms M accepted my provisional findings, Revolut did not 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.

In my provisional decision I explained the following:

"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.

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 Ms M 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 Ms M and the Payment Services Regulations to carry out their 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 am 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 June 2023 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*
- *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:

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/>

- *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).*
- *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 June 2023 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*

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”

- 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.*

What did Revolut do to warn Ms M and what should it have done?

It isn't in dispute that Ms M fell victim to a cruel scam. Nor is it disputed that she authorised the payments which she now seeks reimbursement for.

Revolut has said that Ms M's previous limited account history, and the way that Revolut accounts are often used, meant that the payments she was making would not have been obviously out of character or suspicious. But Revolut evidently did identify the first scam payment as potentially suspicious, as it was flagged and Ms M was asked to identify what the payment was for by Revolut's systems so it could show her relevant warnings.

As Revolut recognised this transaction as possibly scam related, I've considered whether it intervened appropriately when it held the transaction and made further enquiries.

When Ms M made the first payment to the scam – for £1,000 – Revolut asked her to select the payment purpose from a list of options. It then displayed a warning relevant to the option chosen. Ms M selected 'transfer to a safe account' and Revolut provided a written warning covering common features of safe account scams.

It's not clear why Ms M selected this option, when there were other options that were arguably more relevant to the payment she was making. I can't see anything in Ms M's chat with the scammer to show that they told her to choose this option. Ms M has said she may have chosen it on the instruction of the scammer, but I think this is unlikely given that safe account scams are so common, and a scammer would most likely not tell her to choose an option that would draw more attention to the payment than necessary.

But regardless of why Ms M selected this option, Revolut ought to have been concerned when 'safe account' was selected, given safe account scams are very common and it is not likely to be a legitimate reason for sending money to another account. Revolut has said there are circumstances where 'transfer to a safe account' might be a legitimate choice – such as when someone is moving funds to an account they control that they consider to be 'safe' – but the wording of this option is, in my mind, specifically intended to flag payments where a safe account scam might be a real risk. So, in the circumstances, I don't consider displaying a scam warning on the screen and giving Ms M the option to cancel the payment or go ahead with it was a proportionate response to the risk identified.

Having thought carefully about the risk the transaction presented based on Ms M's response, I think a proportionate response to that risk would be for Revolut to have attempted to establish the circumstances surrounding the transaction before allowing it to debit Ms M's account. I think it should have done this by, for example, directing Ms M to its in-app chat to discuss the payment further.

If Revolut had intervened as set out above, would that have prevented the losses Ms M suffered?

I've considered this point carefully. Our investigator felt that Ms M was far enough under the scammers spell that she would have nonetheless gone ahead with the payment even if

Revolut had intervened in this way. But I don't agree, I've not seen anything to suggest that Ms M was given any cover story to use regarding the payments she was making, and I have listened to a conversation Ms M had with B later on in the scam where she was very open and honest about what she was doing – this led to B definitively telling her that she was being scammed and to Ms M making no further payments to the scammer.

So, I consider it very likely that, had Revolut asked her, Ms M would have been open and honest about what she was making the payments for – transferring her money to a cryptocurrency account for the purposes of an investment. And I consider that there were several features of the scam which would have been easily brought to light by some direct questioning, and which would have rung significant alarm bells for Revolut.

For example, Ms M had been asked to download remote access software by the scammers and had found the investment via an online advert endorsed by a 'celebrity'. Both of these are very common features of this kind of cryptocurrency investment scam, and Revolut would have been aware of such scams at the time of the payment. I think this would have been enough to put Revolut on notice that Ms M could be at risk of falling victim to a scam, and a reasonable action at that stage would have been to provide a more detailed scam warning relevant to cryptocurrency investment. Given that Ms M heeded such a warning later on in the scam, and clearly already had concerns about what she was being asked to do (as can be seen from her conversations with the scammer) I think an appropriate warning would have resonated with her and so prevented her from making any payments to the scam.

I'm aware that Ms M moved funds from an account she held with B into her Revolut account to fund the scam. But B had not intervened at that stage, so at the time I think Revolut should have intervened, Ms M had not seen (or ignored) any detailed warnings regarding what she was doing. With this in mind, I think it's fair to say that, had Revolut intervened appropriately, then it is likely that the spell of the scam would have been broken and that Ms M wouldn't have proceeded with the payments. So, I think Revolut could have prevented the losses Ms M incurred.

Is it fair and reasonable for Revolut to be held responsible for Ms M's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Ms M moved funds into her Revolut account from another UK bank, and that the payments she made out of her Revolut account appear to have been to cryptocurrency accounts in her own name.

But as I've set out above, I think that Revolut still should have recognised that Ms M might have been at risk of financial harm from fraud when she made the first scam payment, and in those circumstances Revolut should have made further enquiries about the payment before processing it. If it had done that, I am satisfied it would have prevented the losses Ms M suffered. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Ms M's crypto account does not alter that fact and I think Revolut can fairly be held responsible for Ms M'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.

In any case, Ms M has also complained against B, and I have therefore taken B's actions into account when considering what is fair and reasonable redress in this complaint.

I am satisfied that it would be fair to hold Revolut responsible, at least partially, for Ms M's loss (subject also to a deduction for Ms M's own contribution which I will consider below).

Should Ms M bear any responsibility for her 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.

There's a general principle that consumers must take responsibility for their decisions. I've duly considered whether Ms M should bear some responsibility by way of contributory negligence. And considering the details of this scam I do think it is fair that she bear some responsibility for her losses.

I say this because, while I appreciate that Ms M says she did do checks to ensure the investment was legitimate, and that she felt the investment firm's website appeared professional. But it is clear from her conversation with the scammer that she had serious concerns about what she was being asked to do, but she nonetheless went ahead with the payments.

I also note that Ms M appeared to have earned very significant returns on her initial small investment - which could reasonably have been considered as too good to be true - and that she appears to have agreed to go ahead with the investment on the basis of a phone call and an exchange of messages, without any formal paperwork or other confirmation of what she was investing in.

So, having thought carefully about this, I do think that Ms M ought to bear some responsibility for her losses and that the refund due to her should be reduced accordingly."

As Ms M has accepted my provisional decision, and Revolut has not made any further comments, I see no reason to depart from the findings set out above.

Putting things right

I have found on Ms M's complaint against B that B should also share responsibility for her loss from the time of Payment 5. So, to resolve this complaint, Revolut Ltd should now:

- Refund 50% of Ms M's loss from Payment 1 to Payment 4
- Refund 33% of Ms M's loss from Payment 5
- Pay 8% simple interest per annum on the refunded amount, calculated from the date of each payment to the date of settlement (less any tax properly deductible).

My final decision

I uphold this complaint, Revolut Ltd should now put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 21 April 2025.

Sophie Mitchell
Ombudsman