

The complaint

Mr R is unhappy that Revolut Ltd (“Revolut”) didn’t reimburse him after he fell victim to a scam.

What happened

I issued a provisional decision for this complaint on 10 March 2025. In it I set out the background and my proposed findings. I’ve included a copy of the provisional decision at the end of this final decision, in italics. I won’t then repeat all of what was said here.

Both parties have now had an opportunity to respond to the provisional decision. Mr R accepted the outcome. Revolut didn’t respond. As the deadline for responses has now expired, I’m going on to issue my final decision.

What I’ve decided – and why

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

Having done so, I’m upholding the complaint in line with my provisional findings.

As Mr R accepted those findings, and Revolut didn’t respond, there is no further evidence or arguments for me to consider. I see no reason to depart from the findings and reasoning I’ve already explained.

Putting things right

For the reasons explained here and in my provisional decision, I uphold this complaint in part and now ask Revolut Ltd to:

- refund Mr R £25,000 (being 50% of the sum of the final three payments made to the scammer).
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Mr R with the appropriate tax deduction certificate).

My final decision

My final decision is that I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 22 April 2025.

Provisional Decision

I've considered the relevant information about this complaint.

Having done so, I've reached a different outcome to our Investigator. I am still minded to uphold this complaint in part, but the redress I'm mindful to ask Revolut to pay Mr R differs from our Investigator's recommendations.

The deadline for both parties to provide any further comments or evidence for me to consider is 24 March 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If Revolut Ltd accepts my provisional decision, it should let me know. If Mr R also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.

The complaint

Mr R is unhappy that Revolut Ltd ("Revolut") didn't reimburse him after he fell victim 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, but in summary, I understand it to be as follows.

In February 2023, Mr R saw an advertisement on a social media platform promoting an investment opportunity. It appeared to have been endorsed by a well-known public figure. He followed a link on the advert and completed a form to register his interest with the company purporting to promote it. Unfortunately, this wasn't a genuine investment opportunity, but a scam.

Someone called him who claimed he was an employee of the company. He said that he would manage his investment and that his focus would be on earning him a return by investing his money in cryptocurrency. He gave Mr R access to a trading platform which appeared to show how his investment was performing.

Mr R was instructed by the fraudster to set up a Revolut account in order to facilitate payments, which were made to a cryptocurrency platform that the fraudsters controlled. Believing everything to be genuine, on 9 February 2023, Mr R made an initial investment. He could see the credit on the trading platform and over the coming days was able to see profits rising and was able to make a withdrawal, which reassured him further.

The fraudster then told Mr R that due to 'market trends' he should invest everything he could. Mr R has said he wanted to secure a financial future, so went ahead and made multiple payments. Mr R moved money from his business account, held with another financial firm, through to his Revolut account in order to facilitate the payments. A list of the transactions Mr R made/received to/from the fraudsters, from his Revolut account are listed below:

1.	9 February 2023	£250.00	faster payment
2.	13 February 2023	£41.00	credit received
3.	17 February 2023	£2,500	faster payment
4.	20 March 2023	£25,000	faster payment
5.	8 May 2023	£10,000	faster payment
6.	9 May 2023	£15,000	faster payment

Mr R realised he'd been scammed when the fraudster asked for more money and then became aggressive when Mr R explained that he didn't want to invest any more.

Mr R raised the matter with Revolut, but it didn't agree to reimburse him. In summary, it said it had done everything it could to protect him in the circumstances. In particular, it pointed to the warnings that it had displayed during the payment process. It said Mr R had selected 'goods and services', when asked about the purpose of the payments, but he knew that he was making a payment for cryptocurrency. It said that by not being accurate, Mr R had prevented it from spotting a fraudulent scenario.

Unhappy with Revolut's response, Mr R brought his complaint to this service. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, it was our Investigators view that Revolut should have recognised that Mr R could have been at a heightened risk of financial harm when he made the third payment to the fraudsters (transaction 4 in the table above, the payment for £25,000 on 20 March 2023) and that it should have intervened and questioned the payment. It was our Investigators view that had an intervention taken place the scam could have been prevented and Mr R wouldn't have lost his money from this point. So our Investigator thought Revolut should refund Mr R the money he'd lost from this point, along with interest.

Mr R accepted our Investigators view. But Revolut disagreed, it maintained that it shouldn't be liable and argued that it didn't think Mr R had considered the warnings it had presented in an appropriate manner, it added that it thought this was indicative that had there been a human intervention, there would not have been any other result.

As agreement couldn't be reached, the complaint 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.

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 R 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 R 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 February 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:

- *Electronic Money Institutions like Revolut are required to conduct their business with*

¹ The Payment Services Regulation 2017 Reg. 86(1) 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/>

“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).

- 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 Code³, 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 February 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 additional steps, or made additional checks, or provided additional warnings, before*

³ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

processing a payment – (as in practice Revolut sometimes does).

- *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.*

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

It isn't in dispute that Mr R has fallen victim to a cruel scam here, nor that he authorised the disputed payments he made because of the scam.

I'm aware that Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mr R might be the victim of a scam. I say this as Mr R set the Revolut account up for the purposes of the scam, so Revolut didn't have any knowledge of his usual account usage to be able to identify if the scam payments were out of character. But that's not to say it was unable to identify if the transactions highlighted that Mr R may be at risk of financial harm.

I have considered Revolut's arguments that the payments were transfers and it couldn't have been clear to it that the payments were destined for cryptocurrency accounts. I agree with Revolut. In the individual circumstances of this case, I don't think it would have been obvious to Revolut to the point where it would have presented an obvious risk factor. These were bank transfers to an account that belonged to a company that operated a cryptocurrency exchange. Revolut would most likely have known the name of the payee. But it's not one of the major crypto platforms and I wouldn't have expected it to automatically assume that the destination of the payments was cryptocurrency.

I also don't think the first two payments made would have caused Revolut to have been concerned. Although they went to a new payee, I don't think they would have stood out as being suspicious and the payments matched the purpose that Mr R had given for opening the account (that being to make 'transfers'). However, a pattern was starting to emerge – I say that as more than one payment to a new payee, for an increasing amount, over a relatively short period of time (as was happening here), can be indicative of a customer being at risk of financial harm.

With this in mind, by the time Mr R then went on to make the third payment, for £25,000, I think there was enough risk factors present that ought to have indicated to Revolut of the potential that Mr R was being scammed. I say that as this was the third payment to a new payee, within a few weeks. Importantly, the value of the payments was also increasing, with the third payment being ten times higher than the previous payments.

Payments made of increasing value and frequency can be indicative of fraud and I think Revolut should have been alert to that. Having thought carefully about the risk this transaction presented, 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 Mr R's account.

What did Revolut do to warn Mr R?

Revolut says that when Mr R set up a new payee, for the first payment, it provided him with the following warning:

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

In addition to this, Revolut say he received a set of educational story messages. It has provided example screens. These relate to scams in general and to scam victims losing millions of pounds each year, and to fraudsters being professionals who trick people to send money. Mr R was then asked the reason for the payment. He chose 'goods and services' and received a warning tailored to this payment reason. This warning started by saying there was a high probability that the payment was a scam.

What kind of warning should Revolut have provided?

I'm mindful that Revolut did take some steps to protect Mr R when he made the first payment. It asked him to confirm the purpose of the payment, and he selected "goods and services." This triggered a general warning about fraud risks associated with that payment category. Mr R has told this service that the fraudsters didn't tell or guide him on what he should say to Revolut, so it isn't entirely clear why he chose this option, but I don't think its unreasonable that he might choose this option if he was purchasing cryptocurrency.

Revolut displayed a warning based on the information that it gathered from Mr R. However, I am not persuaded that a written warning alone was a proportionate response to the risk here. Given the circumstances, Revolut should have done more. It should have paused the payment and required Mr R to interact with a member of its staff, for example through its in-app chat function, so that it could ask Mr R further questions about the reasons behind the payment request.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr R suffered from the third payment?

The evidence Mr R has provided does not suggest that the fraudsters coached him to give false information if the payments were questioned. He's told us that he was not told what to tell Revolut. So, on balance, I think it is likely he would have answered Revolut's questions openly and honestly. And I note that I've also seen no evidence that Mr R was provided with warnings by the firm from which the funds used for the scam appear to have originated.

If an intervention had taken place, as for reasons explained I think it ought to have done, I would reasonably expect Revolut to have asked open-ended and probing questions about the circumstances of the payment and explained the context around any questions it asked. If Revolut had asked Mr R specifically why he was making the payment, I think it's more likely than not he would've said it was for a cryptocurrency investment. Revolut should have asked follow up questions that might've included: how Mr R found the investment, what he knew about the company he was investing with, was anyone guiding him in his investment, what returns did he expect to make.

Had it asked these, or similar questions, I think it would have established that Mr R had seen an advert promoted by a celebrity for a cryptocurrency investment, he was being pressured into making larger payments, for higher rewards and remote access software had been enabled, giving the fraudster access to Mr R's account. All of these point to Mr R falling victim to a cryptocurrency investment scam and should've resonated with Revolut.

Having identified the scam, I would've expected Revolut to tell Mr R what a cryptocurrency investment scam looks and feels like and explain why it was more likely than not he was the victim of a scam. I think on hearing the similarities of how these scams typically play out

would have echoed with what he was experiencing and I'm persuaded, it is more likely than not, this would have prevented him from proceeding any further.

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

In reaching my decision about what is fair and reasonable, I have taken into account that the money used to fund the scam came from an account that Mr R held with another financial firm. But as I've set out in some detail above, I think that Revolut still should have recognised that he might have been at risk of financial harm from fraud when he made that payment, and in those circumstances, it should have intervened.

The fact that the money used to fund the scam came from elsewhere does not alter that fact and I think Revolut can fairly be held responsible for his 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 Mr R 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 he could instead, or in addition, have sought to complain against those firms. But he's not chosen to do that and ultimately, I cannot compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce his compensation in circumstances where: he has only complained about one respondent from which he is entitled to recover his 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 Mr R's loss from payment 3 (subject to a deduction for his own contribution which I will consider below).

Should Mr R bear any responsibility for their 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.

I recognise that there were some relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's apparent profits/trades and I can understand how Mr R would have been reassured by receiving some funds back into his account. But I think there were a number of things that ought to have led Mr R to proceed with more caution than he did.

From what Mr R has told us, he doesn't seem to have done any other independent checks of his own. Alongside this Mr R has said that he wasn't provided, nor did he ask for, any documentation, such as a contract – setting out the terms of any investment arrangement between the two parties.

Mr R has told us the fraudster had told him to invest "all he could", which led to Mr R substantially increasing the amount he paid (from payment two to three). He's said he could see his profits rising, that there had been no losses and there had been a steady return. But Mr R doesn't seem to have been provided, or hasn't been able to provide this service with

any clear detail around what expectations the fraudster had given around what returns may be achieved, nor what profits Mr R could actually see after he'd sent his payments. From the evidence Mr R has provided, regarding his communications with the fraudsters, it is also hard to understand what persuaded him to invest such a large amount of money.

So, it's not clear to me what returns Mr R was promised from the outset, nor what 'supposed' profits he was able to see on the trading platform. But, given how much he was persuaded to invest, and how quickly, alongside the steps he took (in drawing money out of his business account) to get as much money into the investment as possible, it seems more likely than not the returns were implausible and too good to be true. I think this is supported by what Mr R has told us about his initial investment. He's told us he made an initial investment of £250 (on 9 February 2023) and four days later was able to withdraw his profit, which was a return of £41. But I can't see that Mr R questioned how such high levels of returns could be realised so quickly. Rather he seems to have taken things at face value.

I might understand how in isolation any one of these things may not have prevented Mr R from proceeding. But when taken collectively I think, there were sufficient red flags here that reasonably ought to have led Mr R to have acted far more cautiously than he did, especially so given the large sums he was willing to commit to the investment.

So, I think Mr R did have a role to play in what happened and I think that the amount Revolut should pay to him in compensation should fairly and reasonably be reduced to reflect that role. I think that a fair deduction is 50%.

Recovery of funds

I'm not persuaded that there was any reasonable prospect of Revolut being able to successfully recover Mr R's funds once he reported the scam. I say this because the money was used to purchase cryptocurrency, which was ultimately received and in the control of the fraudsters. So I don't think Revolut has missed an opportunity to recover any of the money that Mr R sadly lost.

Putting things right

For the reasons explained, I'm minded to uphold this complaint in part and intend to ask Revolut Ltd to:

- refund Mr R £25,000 (being 50% of the sum of the final three payments made to the scammer).*
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Mr R with the appropriate tax deduction certificate).*

My provisional decision

For the reasons given above my provisional decision is that I intend to uphold this complaint in part.

Stephen Wise
Ombudsman