

The complaint

Mr C is being represented by solicitors. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr C fell victim to a cruel investment scam. After initially being contacted online, he was persuaded to use his Revolut account to make a number of payments to purchase cryptocurrency that was then transferred to the scammer.

Between March and July 2024, Mr C made a number of smaller transfers – the highest was for £570 – to a cryptocurrency exchange. Then on 15 and 17 July, he made two much larger transfers of £9,700 and £1,900. These were followed by a final two transfers of £50 on 19 July and £400 in October.

Our investigator didn't recommend the complaint be upheld. He pointed out that Revolut asked questions about the larger payments in July and provided scam warnings, and he also noted Mr C didn't answer some of the questions he was asked accurately.

Mr C didn't accept the investigator's assessment. His representative argues that the payments should have been identified as suspicious, prompting Revolut to ask far more questions, and that the warnings it did provide weren't adequate.

The complaint has now been referred to me for review.

What I've decided – and why

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

Having done so, I've reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In this case, there's no dispute that Mr C authorised these payments. In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's

authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr C.

The payments

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or the purchase of cryptocurrency. I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

Nonetheless, Revolut knew most of the payments were going directly to a cryptocurrency exchange. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time these payments took place, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Having considered what Revolut knew at the time about the payments made before 15 July, including the relatively low amounts involved and the frequency of those payments, I'm not persuaded it ought to have been particularly concerned and I can't reasonably say it was at fault for processing them in line with Mr C's instructions.

On 15 July, however, Mr C tried made a much larger payment of £9,700. Unlike the earlier payments, this wasn't identifiably going to cryptocurrency but was going to an account in his own name. The payment went through at the third attempt, with the previous two attempts being cancelled after Revolut asked Mr C about the reason for the payments. On both occasions, rather than selecting that he was making an investment from the options presented, he said he was transferring money to another account. On each occasion he was shown a series of warnings relating to impersonation scams.

Considering the risk this payment presented, and taking account of the fact it wasn't identifiably going to cryptocurrency, I think a proportionate response was for Revolut to ask about the purpose and to provide a relevant tailored warning. This is essentially what happened in this case. Unfortunately the warnings shown weren't relevant to the scam that was taking place but they were based on the incomplete answers Mr C gave. I appreciate his representative may feel Revolut could have asked more questions to establish the money was going to an investment, but I don't think this would have made a difference to his determination to make the payment based on what happened when Revolut questioned the next payment two days later.

The payment on 17 July was identifiably to cryptocurrency and again I think a proportionate response to the risks it presented was to ask more about it with a view to providing a tailored warning. When he was asked in the app, Mr C again didn't select that he was making an investment. But this time, he was required to speak to a Revolut agent over the telephone. During the call, he did disclose that he was investing in cryptocurrency. He was then asked a number of questions about this but, despite being told the purpose of the call was to protect

him from scams and reminded of the need to answer truthfully, he provided a number of inaccurate answers. For example, he wasn't open about how he discovered the investment opportunity, he said no one had contacted him to promote cryptocurrency, he also said no one was advising him and that he'd identified the opportunities by researching the exchanges himself.

During the call, Revolut's agent outlined a number of common features of investment scams. These included that victims are often contacted online or through social media by people promoting investment opportunities, told to ignore warnings and mislead their bank if asked about the reasons for payments, encouraged to purchase cryptocurrency in their own name and then transfer it to an account they don't control, and that scammers sometimes create professional-looking trading platforms and allow profits to be withdrawn initially to build trust in the scam. These are the sort of features I would have expected Revolut to highlight in a tailored warning about investment scams.

A number of these features were relevant to Mr C's own situation and should have alerted him to the possibility he was falling victim to a scam, but unfortunately this warning doesn't seem to have resonated with him at the time. After Revolut's agent closed the call with a warning that it would be unlikely to be able to recover his money if it was part of a scam, he opted to continue with it anyway. He went on to make two more small payments to the scam from his Revolut account and a number of much larger payments from a separate bank account in which Revolut had no involvement.

I have reviewed the history of Mr C's online chats with the scammer during this period and I don't want to quote from it directly as it's very personal in nature. But it seems clear the person who'd introduced him to the idea of investing and was advising him also gave the impression they had an intimate relationship, and that Mr C believed this to be true. In my view, he was firmly under the scammer's spell at this point and this is why he trusted their advice over and above any warnings from Revolut or his bank.

Mr C's representative has also pointed out that he received some documentation relating to the scam, including a Certificate of Registration for the fake investment company, and that he was able to make a withdrawal from the scheme in the early stages. In my view, these factors would have only reinforced his belief in the legitimacy of the scheme.

I am aware there were two further payments after 17 July. But like the earlier payments, these were for much smaller amounts. They also weren't identifiably going to cryptocurrency and I'm satisfied Revolut had no particular reason to be concerned about them.

I want to be clear that it's not my intention to suggest Mr C is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Revolut and, having done so, I'm not persuaded these were the cause of his losses.

Finally, I note that in response to the investigator's assessment Mr C's representative said that Revolut should have called him into a branch to discuss what was going on with a senior member of staff. But it's my understanding that Revolut doesn't have branches and that wasn't an option in this case. In any event, as I've outlined above, I'm satisfied the attempted interventions and accompanying warnings provided by Revolut were broadly proportionate to the risks associated with the payments being made from its account.

Recovery of funds

I've also looked at whether Revolut could or should have done more to try and recover Mr C's losses once it was aware that the payments were the result of fraud.

I understand Mr C didn't notify Revolut of the fraud immediately. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. So I don't think it's a surprise that Revolut's attempts to get his money back weren't successful. In the circumstances, I don't think anything that Revolut could have done differently would likely have led to it being recovered.

In conclusion

I recognise Mr C has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention by Revolut would have made a difference to the eventual outcome and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 1 September 2025.

James Biles
Ombudsman