

The complaint

Mr L complains that Revolut Ltd won't refund money he lost when he was a victim of an investment scam.

Mr L is represented by a firm I'll refer to as 'R'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr L saw adverts on social media, for firm I'll refer to as 'J', that offered an opportunity to invest in cannabis. Mr L made 14 international payments to J, totalling about €40,000, between 5 April and 13 June 2022.

Mr L notified Revolut on 14 July 2022 that he'd been scammed, explaining that he was unable to withdraw his funds as J had shut down their platform. Revolut explained that they couldn't provide a refund.

Mr L complained to Revolut, but they rejected it. In short, Revolut said:

- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary account (within one day after the scam was reported). This process is bound by the cooperation from the beneficiary bank, and the recovery of funds isn't guaranteed. Regrettably, on 8 August 2022, they received confirmation from the beneficiary institution that no funds had remained available to be retrieved.
- They detected the payments were being made to a new beneficiary and displayed the following message:

"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".

As Mr L acknowledged this warning, he was free to continue with the transfer.

- They detected the payment as suspicious, so they put it on hold. They then sent a questionnaire asking about the purpose of the payment and showed the Mr L the options of reading more about scams, cancelling the payment or proceeding. Mr L chose to proceed.
- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through emails and blogs – and provide updates on their fraud and scam hub.
- They weren't at fault for processing the transfers that Mr L authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.

- They're not liable for these transactions, they treated Mr L fairly and they fulfilled their duty to protect him by providing sufficient warnings and trying to recover his funds.

Mr L's complaint was referred to the Financial Ombudsman. Our Investigator didn't think Revolut had to do anything further. He explained that even if Revolut had carried out further checks before processing the payments – for example, when Mr L made two transactions within the space of about one minute on 16 May 2022 – he wasn't persuaded this would've uncovered the scam or deterred Mr L from making the payments. Nor did our Investigator think Revolut could've done anything more to recover Mr L's funds once they were made aware of the scam.

R disagreed. In short, they've said:

- The payments were out of character for Mr L. His account was mainly used for day-to-day expenses, and the only significant transaction was for about €700 in August 2021. The amounts Mr L sent to J, which was a newly added beneficiary, were much greater in value. And international payments present a higher fraud risk. So, Revolut should've had systems in place to identify the risk and intervened by speaking with Mr L.
- An intervention would've uncovered the scam – as asking open, probing questions would've led to multiple warning signs such as:
 - Mr L was investing with a firm that wasn't regulated in the UK, due it being based overseas, and receiving advice from individuals who weren't authorised to provide it. It this risk and the lack of regulatory protection was explained to Mr L; he wouldn't have made the investment.
 - The expected returns were 30%+, which should've been seen as too good to be true. And it isn't a realistic return on this type of investment.
 - J's bank account was based in a country outside their area of operation. And legitimate firms would use banks within the nation they operate.
 - Mr L found the opportunity through social media adverts – which is a common scam feature.
 - A foreign regulator ('B') prohibited investment in J from 3 June 2022, which is within the period of the scam payments.
- Many scams start off having the appearance of a legitimate firm, with information later coming to light that exposes the fraudulent investment. However, there are usually signs (even in the 'legitimate' stage) that fraud experts should pick up on.

The matter has been passed to me to decide.

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'm sorry that Mr L has been the victim of an investment scam. I realise he has lost a significant amount of money and so, I'm sympathetic to his situation. I therefore want to reassure Mr L that I haven't made this decision lightly. But I must consider whether Revolut is responsible for the loss he's suffered. Having done so, and while I realise this isn't the outcome Mr L is hoping for, for similar reasons as our Investigator, I don't think they are.

Because of this, I don't think Revolut acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr L that I've considered everything R has submitted in support of his complaint. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for the loss Mr L has suffered.

In broad terms, the starting position in law is that an Electronic Money Institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Mr L authorised the payments from his Revolut account. Therefore, under the Payment Services Regulations and the terms of his account, Revolut are expected to process Mr L's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

I need to decide if Revolut acted fairly and reasonably in their dealings with Mr L when he made the payments. Specifically, whether they should've done more than they did before processing them – and if they had, would that have made a difference.

Here, Mr L's account had been opened several years prior – with one of the purposes selected for opening the account at that time being 'foreign exchange'. And Mr L's prior account activity shows that he did use his Revolut account relatively frequently for foreign transactions. And so, I don't think the transactions being disputed here would've been seen as unusual due to them being sent internationally. However, I'm mindful that Mr L's prior account usage was mostly low value. Because of this, I think the value of the disputed payments and the frequency in which they were made could've been seen as suspicious and that it presented a heightened risk Mr L could be falling victim to a scam. This is because, for example, Mr L sent four payments between 11 and 15 April 2022 totalling about €14,000. And about €6,000 across two payments about a minute apart on 16 May 2022. So, I think there was justification for Revolut to intervene prior to processing Mr L's payments.

But for me to find it fair and reasonable that Revolut should refund Mr L requires more than a finding that Revolut ought to have intervened. I would need to find not only that Revolut failed to intervene where they ought reasonably to have done so - but crucially I'd need to find that but for this failure the subsequent loss would've been avoided. That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Revolut wouldn't have revealed the payments were part of a fraud or scam, then I couldn't fairly hold Revolut liable for not having prevented them from being made.

Here, Revolut carried out some additional checks – in the form of an automated questionnaire – before processing the first payment. I think this was a proportionate action in response to the risk associated with that payment (due to its relatively low value). But for the subsequent transactions I've referred to above, I think a proportionate response would've been for Revolut to have attempted to establish the circumstances surrounding the payments before allowing them to debit Mr L's account. I think they could've done this by, for example, directing Mr L to their in-app chat to discuss the payments further.

I've therefore considered what would've happened if Revolut had done this. Having done so, I'm not persuaded that the scam would've been uncovered or that Mr L would've been deterred from making the payments. This is because:

- Revolut isn't required to protect customers from bad investment decisions. And so, it wasn't for Revolut to consider the suitability of the investment or if it was in Mr L's best interest. Instead, Revolut should be on the lookout for potential investment scams and be mindful that their customers could be at risk of falling victim to them.
- Although J wasn't authorised by the FCA to carry out regulated activities, this is unsurprising given they were operating outside of the UK. This therefore wouldn't have put Revolut on notice that J wasn't a genuine firm or that it was operating as a scam.
- A common feature of investment scams is advertising through social media and so, Revolut should've been concerned by this – thereby prompting further investigation. But while scam firms do use social media to target their victims, not all firms advertising through social media are scams (as many legitimate firms use social media too). And so, I don't think Revolut could've identified J as being a scam from this alone.
- There wasn't any public information indicating L to be a scam firm in April and May 2022 (when most of the disputed payments were made). Instead, J was seemingly recognised as a legitimate firm that had been operating for more than one year. And it was only when J's platform shut down and investors couldn't withdraw their funds that it was reported as being a scam.
- There wasn't any adverse information about J on the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO") at the time of the payments. And B's decision to prohibit J from offering investments to the public wasn't issued until 3 June 2022 – which is after the payments whereby I would've expected Revolut to have intervened.
- Mr L has confirmed that he carried out a significant number of checks before investing. This included searching Google, reading Trustpilot reviews, reading articles, and reviewing J's website and brochures. He's also said that he found J to be *"highly knowledgeable and professional"*, explained that he was required to provide ID to invest and that J *"had cameras in farms so you could see your investment grow"*.

I think this would've reassured Revolut that Mr L had carried out sufficient due diligence on J before deciding to invest, and that he was confident in the legitimacy of the firm.

- Mr L hasn't specified the term over which the 30%+ profits were expected. But from my understanding of J's operation, this was likely on a quarterly basis (when the cannabis was sold). Although this level of return could ordinarily be seen as unrealistic and potentially too good to be true, I must also take into consideration that this was a unique and unconventional investment. Because of this, I wouldn't necessarily expect Revolut to know what specific returns could reasonably be expected in this type of investment. Nor do I think the expected returns were so unrealistic whereby Revolut ought to have known the investment wasn't legitimate –

as high-risk unregulated investments often provide the opportunity for greater returns due to the increased risk.

Further to this, I'm mindful that there are reports of investors having received returns from the scheme. I appreciate these returns were likely funded by other investors' funds. But nevertheless, this would've added credibility to it.

- I wouldn't expect Revolut to have known the specific nations in which J operated. And so, while the payments were being made to a country whereby J wasn't primarily based, as it was 'operating' as a multi-national firm, I'm not persuaded that the destination of the payment would've been seen as unusual or suspicious to Revolut. Nor have I seen anything to suggest that Revolut were put on notice not to deal with the beneficiary bank.

Considering all of this, while Revolut might have established that Mr L was dealing with a firm that wasn't authorised by the FCA, which meant his investment wouldn't benefit from the protections it provides, I don't think that this would've given them – or Mr L – the knowledge J was operating a scam. And considering the checks Mr L undertook before investing, along with the absence of any public information suggesting J was anything other than a legitimate firm, I'm not persuaded that Mr L would've been deterred from making the payments. On balance, I'm of the view that Mr L would've remained assured that J was a genuine firm offering legitimate opportunities to invest in cannabis. And so, I think Mr L would've likely gone ahead with making the payments. It follows that, while I'm sympathetic to loss Mr L has suffered, I don't think Revolut is responsible for it.

I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Mr L's losses, but I don't think they could. Revolut contacted the beneficiary bank, which is all they could do in the circumstances, the day after the scam was reported. Unfortunately, this was unsuccessful as the beneficiary bank confirmed no funds remained.

I know Mr L will be disappointed by this outcome. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible – and I'm not persuaded that this is the case. For the above reasons, I think Revolut has acted fairly and so I'm not going to tell them to do anything further.

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 L to accept or reject my decision before 4 December 2025.

Daniel O'Dell
Ombudsman