DRN-5500357

The complaint

Mrs K complains that Revolut Ltd ('Revolut') hasn't refunded the money she believes she lost to an investment scam.

Mrs K referred her complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mrs K throughout my decision.

What happened

The circumstances of this complaint are well-known to both parties. So, I don't intend to set these out in detail here. However, I'll provide a brief summary of what's happened.

In August 2022, Mrs K opened an account with Revolut. She deposited £20,000 into the account, which she subsequently transferred to her own digital wallet with a cryptocurrency exchange, which I'll refer to as 'S'. Mrs K says she converted the funds into cryptocurrency, which was sent to an investment opportunity, which I'll refer to as 'T', for the purpose of trading in foreign exchange and contracts for differences on margin.

Prior to investing with T, Mrs K says she had heard about the opportunity from other investors who had been receiving returns. She researched T and found that it was registered with regulators based overseas and she also visited T's office in Cyprus. As there were no warnings about T at the time and it appeared to be a legitimate business, Mrs K was persuaded to make her investment of £20,000.

In December 2022, T announced that it was introducing its own cryptocurrency coin. Without Mrs K's permission, T converted her funds into T's cryptocurrency coin, which subsequently became worthless, leading Mrs K to believe that she's been the victim of a scam.

In July 2024, Mrs K complained to Revolut that she'd been scammed by T and asked for a refund of the money she'd lost. Revolut didn't uphold Mrs K's complaint. Revolut said Mrs K had authorised the payments to her own digital wallet with S; it provided Mrs K with written warnings when she added S as a new payee; and it had been unable to successfully recover Mrs K's funds from S.

Unhappy with Revolut's response, Mrs K referred her complaint to this service. Our Investigator considered the complaint, but didn't uphold it, as they weren't of the opinion that Mrs K had been the victim of a scam. Our Investigator also remarked that even if T had scammed Mrs K, they didn't think Revolut could've reasonably prevented her from making the investment and losing the money.

Mrs K didn't agree with our Investigator's opinion, and she has responded several times and at great length about the reasons why she believes T was operating a scam when she made her investment and why she thinks proportionate intervention from Revolut could've prevented her loss.

Our Investigator maintained that, in their opinion, there was insufficient evidence to demonstrate Mrs K had been the victim of a scam or that she could've been persuaded not to go ahead with her investment, meaning Revolut couldn't fairly be held responsible for reimbursing the money she'd lost. As an agreement couldn't be reached, the complaint 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.

Mrs K has made some detailed submissions in support of her complaint. I've read and considered everything she's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In line with the Payment Services Regulations 2017, consumers are generally liable for payments they authorise. Revolut is expected to process authorised payment instructions without undue delay. But it also has long-standing obligations to help protect customers from financial harm.

However, Revolut isn't responsible for all authorised payments which ultimately result in a loss for the customer. For Revolut to fairly be held responsible for Mrs K's loss, I'd first need to be satisfied that Mrs K has, most likely, been the victim of a scam and that she made the disputed payments for a fraudulent purpose.

Mrs K has argued, in some detail, why she believes T was operating as a scam as opposed to offering a high-risk investment opportunity. However, after considering the evidence available, I can't fairly conclude that Mrs K has been the victim of a scam, which means Revolut isn't required to reimburse her loss. I'll explain why.

Mrs K invested with T, which had multiple entities. The entity Mrs K invested with was incorporated in the Republic of Seychelles, an overseas jurisdiction, and it was regulated by that jurisdiction's regulator. While regulatory requirements can vary from one jurisdiction to another, a scammer is highly unlikely to submit itself to any kind of regulatory oversight, given the real risk of its true purpose being discovered. And, at the time Mrs K made her investment, there was little evidence to suggest T wasn't operating a legitimate investment opportunity.

I accept it's possible that obtaining regulatory status could've been a tactic used by T to add legitimacy to an otherwise illegitimate operation. I'm also aware that T was offering its services in the United Kingdom (and other overseas jurisdictions) where it had no authorisation to do so and that there have been warnings published about T by several overseas regulators.

The International Organization of Securities Commissions ('IOSCO') did publish a warning about T in late 2023 and its licence to operate in the Republic of Seychelles was revoked in late 2024. But while this could indicate concerns about T's conduct this doesn't mean that it was set up to defraud customers.

With the above in mind, and while I appreciate there is negative information available about T, I don't have enough to say T was, most likely, set up to defraud investors or that it was operating a scam at the time Mrs K made her investment.

I appreciate Mrs K feels very strongly that T has scammed her. However, even if I was persuaded T was operating a scam at the time of the disputed payments (which, for clarity, I'm not), I'm not satisfied Revolut could've prevented Mrs K's loss. I'll explain why.

Mrs K says she was introduced to T by other investors, who had been investing with T and receiving returns. So, I think this personal recommendation was very persuasive to Mrs K about the legitimacy of T. She's explained that she carried out in-depth research into T, finding no negative information and verifying that it was regulated in the jurisdiction it was incorporated in. Furthermore, Mrs K had visited T's office in Cyprus.

To my mind, even if Revolut had asked Mrs K questions about the payments she was making to her digital wallet with S, she wouldn't have been persuaded not to go ahead with the investment, such was her confidence in the legitimacy of T at the time.

The disputed payments were all made to Mrs K's own digital wallet with S, which she says she converted into cryptocurrency and sent on to T. As a result, there was nothing Revolut could've done to recover Mrs K's funds when the situation was reported to it.

In summary, I'm not satisfied Mrs K has demonstrated her loss is the result of a scam, meaning Revolut isn't responsible for it. And, even if T was a scam, I'm not persuaded Revolut could reasonably have prevented Mrs K going ahead with her investment with it or done anything to recover her funds from S. As a result, I'm not of the opinion that Revolut can fairly be held responsible for reimbursing the money Mrs K has lost.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 26 September 2025.

Liam Davies
Ombudsman