

The complaint

Mr A complains that Revolut Ltd won't refund the money he lost to an investment scam. Mr A was initially represented in this complaint, but I'll refer to him as it's his complaint.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A was seeking extra income and became interested in a social media investment advert endorsed by a television celebrity and financial expert.

After clicking on a link, he spoke to X who claimed to be a broker or financial advisor. X told Mr A he could earn large returns through Company F crypto investments.

X showed Mr A an image of Company F's FCA approval and persuaded Mr A to invest. Also, to download a remote desktop application which allows users to access and control devices from anywhere in the world.

Mr A was led to believe he had received a £20,000 crypto loan into his main bank account to support his investment. However, this wasn't the case. Unbeknown to him, X and / or other scammers had taken out two loans, to the value of £20,000, in Mr A's name with other financial firms. Also, he was receiving fake emails from a crypto exchange.

Mr A explains that he undertook internet searches, thought the website and (fake) trading platform looked professional, and he could see his profits increasing.

The scammers influenced Mr A not to use the main banks and to open accounts with Revolut (on 5 January 2024) and then Bank C (on 1 February 2024) when Revolut blocked his account on 31 January 2024.

Mr A paid the scammers:

- £35,002 through the following seven payments, to Person L, Person A and Company B from his Revolut account, from 5 January 2024 to 30 January 2024:

Payment Number	Date	Payment Type	Payment To	Amount
1	5 January 2024	Faster Payment	Bank account of Person L	£4,950.00
2	25 January 2024	Faster Payment	Bank account of Person A	£5,000.00
3	25 January 2024	Faster Payment	Bank account of Company B	£5,052.00
4	26 January 2024	Faster Payment	Bank account of Company B	£5,000.00
5	26 January 2024	Faster Payment	Bank account of Company B	£5,000.00
6	30 January 2024	Faster Payment	Bank account of Company B	£5,000.00
7	30 January 2024	Faster Payment	Bank account of Company B	£5,000.00
Total				£35,002.00

After payment number 7, on 31 January 2024, Revolut became concerned about a further payment Mr A was making. They said:

- *'It is highly likely that the transactions you are attempting to make are part of a SCAM. 'We've recently spoken with another customer who attempted very similar transactions to yours - they confirmed it was a scam'.*

But as Mr A still wanted to make the payment, Revolut asked him probing questions about his payments and as they were suspicious they blocked the payment and restricted his account.

But Mr A then opened an account with Bank C and went on to pay the scammers a further £20,000 on 1 and 2 February 2024.

On 6 February 2024, having spoken to a financial advisor and / or becoming suspicious in having to pay fees to release his money Mr A reported the scam to Revolut.

In 2025, Mr A complained to Revolut and Bank C seeking a refund of his losses plus interest.

Regarding Mr A's total loss, it's unclear whether the £20,000 paid from two loans with financial firms, had to be repaid by Mr A.

In his complaint to Revolut, Mr A said:

- If they had intervened as appropriate, they'd have noted that he was vulnerable and *'suffering with depression at the time of the scam, which clearly had an effect on their ability to make informed decisions and think clearly'.*
- The payments were out of character as they were large and significantly exceeded the previous day-to-day spending on his account. Also, he was making these payments into cryptocurrency which he hadn't used before.
- It should've been clear that a scam was taking place. If they had intervened appropriately the scam would have been uncovered with some robust questioning.
- If they had asked Mr A where he was sending the money he *'would have admitted Company F'* and *'with a simple search from the bank they would have realised that this company was not a legitimate company or regulated by the FCA for the services it was providing and this was likely fraudulent'.*

Revolut rejected Mr A's refund claim. They said:

- They did intervene to give scam warnings and attempted to stop payments

However, when considering the information provided by Mr A when Revolut intervened, our investigator didn't think they could've done anything more to prevent his losses. As Mr A remains dissatisfied his complaint has been passed to me to look at.

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 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.

I'm very sorry that Mr A became a victim of this cruel scam and lost a significant amount of money here. But having taken all of the above into account, I am minded to conclude that:

- Mr A consistently provided Revolut with false and misleading answers.
- In this circumstance, I don't consider it to be fair and reasonable to hold Revolut responsible for Mr A's loss.

I should point out that:

- Although Mr A has only been able to provide limited evidence of the scam, I'm satisfied that his loss was as the result of a scam.
- Revolut is not a member of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which is a voluntary scheme designed to protect customers from fraud and scams.
- I'm satisfied Revolut did make efforts to recover Mr A's funds. Unfortunately, they were only able to recover a small proportion of Mr A's loss.
- There's no dispute that Mr A made the payments here, so they are considered authorised.

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 A 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 A 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 January 2024 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 “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

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/

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.

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).
- Since 31 July 2023, under the FCA's Consumer Duty⁵, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was *"consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"*⁶.

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 January 2024 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;
- Have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does).

With the above in mind, I first considered:

Whether Revolut should've recognised that Mr A was at risk of financial harm from fraud?

I found that before releasing payments to the three new payees (Person L, Person A and Company B and later to a payee that had become established {Company B}) Revolut did recognise a risk of financial harm as they put in place the following three interventions:

⁴ BSI: PAS 17271: 2017 "Protecting customers from financial harm as result of fraud or financial abuse"

⁵ Prior to the Consumer Duty, FCA regulated firms were required to "pay due regard to the interests of its customers and treat them fairly." (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

⁶ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

- A. Automated and human intervention for payment 1 for £4,950 on 5 January 2025, which was a large payment for Mr A to make. This consisted of:
- An automated new beneficiary warning.
 - A general scam risk warning.
 - Automated educational information on scams.
 - A human intervention from an agent, via their chat service, asking questions about the payment.
- B. Automated intervention for payment 2 for £5,000 on 25 January 2025, which was large but no longer unusual. This consisted of:
- An automated new beneficiary warning.
 - A general scam risk warning.
 - Automated educational information on scams.
- C. Automated and human intervention for payment 3 for £5,052 on 25 January 2025, which combined with payment 2 meant Mr A's payments that day exceeded £10,000. This consisted of:
- An automated new beneficiary warning.
 - Scam risk warning.
 - A human intervention from an agent, via their chat service, asking questions about the payment.

Regarding Mr A's point, that Revolut should've noted that he was vulnerable and suffering with depression at the time of the scam, as Revolut offers a digital service, I don't think it was unreasonable for their human interventions to be electronic chat. Also, I can't see any evidence that, prior to this scam, Mr A had raised any concerns or risks over mental health with Revolut. In addition, having listened to Mr A's calls with Bank C, I didn't hear any signs, such as a drop in energy levels or trouble in concentrating, that would've raised concerns with Bank C's agents.

Although Revolut did initially recognise risks and did put in place timely and proportionate interventions, I would've expected further interventions to have occurred at payment 5 and 7. This is because the frequency of payments for £5,000 was increasing and £10,000 a day was being released upon both payment 5 and 7. Also, these payments meant his spend with Company B increased to over £25,000 and £35,000 with most of this being within one week.

So, I think at these two payment points (5 and 7) Revolut should've stepped in with further human interventions to ask probing questions about what Mr A was purchasing and the frequency of his £5,000 payments.

Before considering whether effective interventions at payments 1,2,3,5 and 7 would've prevented Mr A's loss, I looked closely at:

What caused Revolut to block Mr A's attempted payment number 8 and restrict his account

I found that the blocking of attempted payment 8, followed by a human intervention, was due to intelligence that Revolut received that Company B and / or the other payees had scammed another of their customers.

Despite the Revolut agent explaining this to Mr A, they were faced with a strong and consistent rebuttal from him and a demand to immediately make the payment (Mr A said it was a genuine business arrangement with people he knew). However, due to the intelligence he had, the agent insisted on seeing evidence and, as Mr A couldn't produce this, the payment wasn't released and the account was restricted.

Mr A then went on to make payments to Bank C and when they intervened on three separate occasions he didn't take note of their warnings and gave false and misleading answers to their questions.

Having considered the dialogue between Mr A and the Revolut agent, if the agent didn't have the intelligence, I don't think there would've been cause for him to have insisted on Mr A providing evidence and stopping payments. I say this because Mr A provided a very plausible cover story and was so insistent.

I then considered

Whether Revolut's interventions on payments 1,2 and 3 were effective and what would've likely happened if Revolut put human interventions in place for payments 5 and 7

Payment 1 / Intervention A

As Revolut didn't know the purpose of the payment and they wanted to give him the most appropriate and effective scam warnings, their automated system asked Mr A to select a reason from a list of options which included '*as part of an investment*'. However, Mr A didn't give the correct (investment) reason. Instead, he selected 'buy or rent goods or services', which negated Revolut's protection system.

When a Revolut agent probed further Mr A said '*I am sending this transfer to Mr L for the services that I have already received*'. Then when Revolut asked to see an invoice Mr A responded with '*there is no invoice since I have already mentioned that I know the seller and we trust each other, we agreed to do it informally and the invoice will come after the transfer is complete.*'

As the payee was new, before Mr A was able to proceed, Revolut's warning said, '*do you know and trust this payee*' and '*if you are unsure don't pay them*'. Yet, despite Mr A not knowing the individual, he selected to proceed.

In addition, Revolut's system thought the payment was potentially suspicious and, before he was directed to an agent, there is evidence Mr A bypassed all of the following warnings:

- '*Your payment is unusual*'.
- '*We think you're being scammed*'.
- '*Please answer truthfully - If you're being scammed, the fraudster may ask you to hide the real reason for this payment.*'
- '*Is anyone telling you how to answer these questions?*'
- '*Is someone telling you which options to choose or telling you this is urgent?*'. And gave Mr A 3 options:
 - *Declare that someone is assisting*
 - *Confirm that no-one is assisting*
 - *Cancel the transfer*

Furthermore, for the good and services options Mr A selected false answers.

Payment 2 / Intervention B

Mr A responded in the same way to automated warnings upon intervention B and gave the same false answers, with one addition, which was that he confirmed he knew Person A.

Payment 3 / Intervention C

Mr A responded in the same way to automated warnings upon intervention C and gave the same false answers. And when the agent asked him the reason for the payment, he said *'I am sending a transaction to my partner company, I know the owner personally. I have received the service, so I want this transfer to be done immediately'*.

I consider the above three interventions to have been proportionate and effective. Unfortunately, the reason they didn't work was because Mr A consistently ignored warnings and gave false and misleading answers to their questions. So, I don't think it would be fair or reasonable to say that Revolut's interventions were ineffective or that they were at fault for releasing the three payments.

Lack of intervention on Payments 5 and 7

As mentioned above I think Revolut should've put in place human interventions for these two payments. However, having considered what happened when Revolut intervened on attempted payment number 8, I'm not persuaded that an agent would've become suspicious to have blocked the payments and restricted his account. This is because:

- An intervention should be suitable questions, and not an interrogation, designed to unearth a potential scam and establish if the customer is at risk of financial harm
- Although unusual Mr A's story was plausible and difficult to evaluate.
- Mr A was unwavering (that it was authentic) and insistent (it went ahead).
- There wasn't at this stage any intelligence that Company B was suspected to be a scam company.

I recognise that Mr A allowed scammers access to his computer and, as Revolut's interventions were all electronic mail (via their chat function), they may have possibly been helping or responding to their questions. However, Revolut offer electronic money accounts and their terms and conditions say customers mustn't allow anyone else to have access to or use their account or app.

Also, the software company would've provided warnings about the risk of allowing a computer to be shared. In addition, when Mr A misled Bank C and gave them untruthful responses, he did this over the phone and his communications were clear and in his own words. And even if Revolut had taken similar action earlier, I don't think it would've stopped Mr A's loss here.

So, having considered all of the above, and all the information on file, although I'm very sorry that Mr A has lost such a significant amount of money to cruel scammers, I also don't think it would be fair or reasonable to require Revolut to provide him with a refund.

My final decision

For the reasons mentioned above, my final decision is that I'm not upholding this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 28 November 2025.

Paul Douglas
Ombudsman