

The complaint

Mr T complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In late 2022, Mr T came across an advert on a social media platform for a cryptocurrency investment company endorsed by a well-known public figure. He was interested in investing, so filled in his details on an enquiry form and was then contacted by someone who said they worked for the investment company.

Mr T was shown how to purchase cryptocurrency to send on to the investment company, and given access to a platform where he could see the money he had invested and the returns he was receiving. He then made a number of payments from his Revolut account to fund this investment, which I've set out below:

Date	Amount
6 December 2022	£7,399.99
23 December 2022	£3,000
30 December 2022	£2,000

Unfortunately, we now know the cryptocurrency investment company was a scam. The scam was uncovered after the company kept asking Mr T to invest more money. Mr T then became suspicious and reported the payments he had made to Revolut as a scam.

Revolut investigated but didn't agree to refund the payments Mr T had made. Mr T wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mr T and Revolut a provisional decision on 17 April 2025, setting out why I was intending to uphold the complaint. That provisional decision forms part of this final decision and is copied below:

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 T modified the starting position described in Philipp, by – among other things – 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” (section 20).

So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine a complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should from December 2022 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.

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 did in fact seek to take those steps, often by:

- *using algorithms to identify transactions presenting an increased risk of fraud¹;*

¹ 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/

- *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.*

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)².*
- *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*

² 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.

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

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.

- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice.*

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 from December 2022 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 processing a payment – (as in practice Revolut sometimes does); and*
- 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.*

Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place from April 2023, Revolut should in any event have taken these steps.

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

I'm satisfied that Revolut ought to have realised that Mr T was at heightened risk of financial harm from fraud when he tried to make the first payment here, for £7,399.99 on 6 December 2022.

This payment was for a significant amount, and for an amount significantly larger than any other payment made out of Mr T's account previously. It was also immediately preceded by a credit into the account of almost exactly the same amount and used up almost all of the available balance in the account – which is a pattern of behaviour often seen when customers are falling victim to a scam.

And so I think Revolut should have recognised that Mr T was at risk of financial harm from fraud here.

What did Revolut do to warn Mr T?

Revolut hasn't suggested that it showed Mr T any kind of warning, or took any other steps to make him aware of the risks of scams, at the time he made these payments.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's duty to make payments promptly, as well as what I consider to have been good industry practice at the time this payment was made.

Taking that into account, in line with what I consider to have been good industry practice at the time as well as what I consider to be fair and reasonable, when Mr T tried to make the first payment here for £7,399.99 on 6 December 2022 I think Revolut ought to have asked about the purpose of the payment (for example by asking Mr T to select a payment reason from a list of possible reasons) and then provided a warning which covered the key features of the payment purpose selected.

In December 2022, I think one of the payment purposes Mr T could have selected should have covered the key features of investment scams, given how common they were at the time. And I've seen nothing to indicate that Mr T wouldn't have selected the most relevant payment purpose had he been asked.

The warning Revolut ought to have provided should then have highlighted, in clear and understandable terms, the key features of common investment scams – for example, referring to: an advertisement on social media promoted by a celebrity or public figure, an 'account manager', 'broker' or 'trader' acting on their behalf and a small initial deposit which quickly increases in value.

I recognise that a warning of that kind could not have covered off all scenarios. But I think it would have been a proportionate way for Revolut to minimise the risk of financial harm to Mr T by covering the key features of scams affecting many customers but not imposing a level of friction disproportionate to the risk the payment presented.

If Revolut had provided an investment scam warning, would that have prevented the losses Mr T incurred after that point?

I've thought carefully about whether a specific warning covering off the key features of investment scams would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have.

There were several key hallmarks of common investment scams present in the circumstances of Mr T's payments, such as finding the investment through an advert on social media being promoted by a public figure, being assisted by a broker and being told they had made significant profit following a small initial deposit. So I think it's likely a warning highlighting these features would have resonated with him.

I've also seen no indication that Mr T expressed mistrust of Revolut or financial firms in general. And I've not seen any evidence that the scammer told him to mislead any bank that contacted him about the payments, to conceal the true purpose of the payments or to ignore

any warnings he was given. And as neither Revolut nor any other bank involved in the journey of the funds showed him a written warning about investment scams or explained the common features of such scams to him, I've not seen anything to suggest Mr T would have ignored or moved past any warning he was given.

Therefore, on the balance of probabilities, had Revolut provided Mr T with an impactful warning that gave details about investment scams and how he could protect himself from the risk of fraud, I believe it would have resonated with him. He could have paused and looked more closely into the investment company before proceeding, made further enquiries into investment scams and checked whether or not the broker he was speaking to was regulated in the UK or abroad. And as Mr T looking more closely into the investment is what ultimately appears to have uncovered the scam, I'm satisfied that a timely warning to him from Revolut would very likely have caused him to take similar steps – revealing the scam and preventing his further losses.

Is it fair and reasonable for Revolut to be held responsible for some of Mr T's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Mr T appears to have paid money using his Revolut account to another account in his own name, rather than directly to the fraudster. So he remained in control of his money after he made the payments, and there were further steps before the money was lost to the scammer.

But as I've set out in detail above, I think that Revolut still should have recognised that Mr T might have been at risk of financial harm from fraud when he made the payment on 6 December 2022, and in those circumstances it should have provided him with a warning about the risk of investment scams. If it had taken those steps, I am satisfied it would have prevented the losses Mr T suffered. The fact that the money used to fund the scam came from elsewhere and wasn't lost at the point it was transferred to Mr T's own account does not alter that fact and I think Revolut can fairly be held responsible for Mr T's 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 T 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 Mr T could instead, or in addition, have sought to complain against those firms. But Mr T has 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 a consumer's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their 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 T's loss from the payment of 6 December 2022 onwards (subject to a deduction for Mr T's own contribution which I will consider below).

Should Mr T bear any responsibility for his losses?

Revolut has argued that Mr T should have done more to protect himself here by doing a greater level of due diligence on the investment company before making the payments. And I've considered whether it would be fair for Mr T to bear some responsibility for his loss.

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.

But this was a sophisticated scam, where Mr T was given access to a professional-looking trading platform which showed the deposits he was making, trade information, and the profit he was supposedly making. And I think it's reasonable that being given access to a platform of this kind will have made Mr T think the investment company was legitimate.

Mr T had a significant amount of correspondence with the investment company during the scam, by email, phone and text message. And he was sent a number of documents to sign electronically, including an agreement with the investment company. So I don't think anything about his communication with the company should have caused him significant concern.

Mr T has also shown the investment company asked him to provide of photo ID and carried out know-your-customer or anti-money laundering checks when he opened his account on its platform, in a similar way to how I would expect a legitimate company to have done. And I think it's reasonable that this will also have made Mr T think the company was legitimate.

And from what I've seen, Mr T doesn't appear to have been guaranteed specific returns on the investments he was making or been told the profit he was making was increasing at a rate that was obviously unrealistic or too good to be true. So I don't think there was anything about what Mr T was told about his investments that should have caused him significant concern.

I appreciate that, with the benefit of hindsight, it's possible to identify a number of things about what was happening that could have caused Mr T some concern. But, based on what I've seen, I don't think it was unreasonable that, at the time, he either didn't pick up on these things or wasn't caused enough concern by them to overcome the parts of the scam that felt genuine.

So I don't think it would be fair to say that Mr T acted unreasonably when making the payments here, or that he should bear some responsibility for his loss.

Summary

For the reasons set out above, I think Revolut should have identified that Mr T was at risk of financial harm from fraud as a result of the payments he made here. And I think the warning I would have expected it to show in response to this risk would have prevented Mr T making the payments, and so losing the money he did. I also don't think it would be fair for Mr T to bear any responsibility for the money he lost. So I think Revolut should now refund the money Mr T lost as a result of this scam, in full.

Mr T accepted the provisional decision, and Revolut replied to say that it had nothing further to add.

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.

As Mr T accepted the provisional decision and Revolut had nothing further to add, I still think the conclusions set out in the provisional decision are correct. And so my final decision is the same as the provisional decision, which I've set out above.

My final decision

For the reasons set out above, I uphold this complaint and require Revolut Ltd to:

- Refund Mr T the money he lost as a result of this scam – totalling £12,399.99
- Pay Mr T 8% simple interest on this refund, from the date of the payments until the date of settlement

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 13 June 2025.

Alan Millward
Ombudsman