

The complaint

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

What happened

Sadly, Mr A fell victim to a cruel investment scam. His representative told us he was introduced to the investment scheme, which purported to offer returns from investing in cryptocurrency, by a former colleague he'd known for some time. In making his complaint to Revolut, Mr A's representative said the scheme promised returns of 50% per month. After registering his interest, Mr A was contacted by the scammer and made an initial investment of £250 using his credit card.

Mr A was then encouraged to invest more to generate better returns. As he didn't have access to the funds needed, he provided his details to the scammer who successfully applied for a personal loan on his behalf. Once the loan had been paid into his bank account, Mr A says the scammer told him to download screen-sharing software that allowed him to transfer the money from Mr A's bank to Revolut, then to a cryptocurrency exchange, and finally onto a wallet controlled by the scammer.

Mr A's Revolut account, that was originally opened in 2023, was used to fund a payment of £10,000 on 26 February 2024 that was ultimately lost to the scam. The payment was sent to a known cryptocurrency provider.

Mr A realised this was a scam later on when he was told his profits had been used to repay the loan but when he checked with the lender he found it hadn't received any money.

Our investigator didn't recommend the complaint be upheld. He noted that Revolut provided warnings covering many of the features of this type of scam that didn't resonate with Mr A. He also noted that some of the answers he gave to the questions he was asked by Revolut weren't accurate and had the effect of making the payment seem less likely to be part of a scam.

Mr A didn't accept the investigator's assessment. It argued that Revolut's intervention was ineffective and that it should have asked more open and probing questions. For example, by asking more about the investment being made and where the money was ultimately going. If it had done this, Revolut would have discovered for example that Mr A had downloaded screen-sharing software to allow the scammer to control his device and that he was being advised by a 'broker', and this would have uncovered the scam and prevented his loss.

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 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.

In this case, there's no dispute that Mr A authorised the above payment.

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 A.

The payment

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and the purchase of cryptocurrency and I must take into account that many similar payment instructions it receives will be entirely legitimate. I also need to consider Revolut's responsibility to make payments promptly.

Nonetheless, Revolut knew this payment was going to a cryptocurrency exchange and that transactions involving cryptocurrency carry a higher risk of being associated with fraud.

Having considered what Revolut knew about the payment at the time it received Mr A's instruction, I think it ought to have identified he could be at risk of harm from fraud. While this was a single payment, rather than part of a series of payments seen in many well-known scams, the amount involved was significant and I believe an intervention was warranted before the payment was processed.

I've thought carefully about what sort of intervention Revolut should have carried out and it's my view that a proportionate response to the risks the payment presented would have been for it to find out more about the circumstances of the payment and provide a tailored warning relating to the type of scam that could be taking place.

Revolut did recognise this risk and has set out the details of the intervention it carried out. It initially asked in the app for Mr A to confirm that he knew and trusted the payee. He was then told the payment had been flagged as a potential scam and asked about the purpose of the payment and whether he was being guided. This was accompanied by a warning that

scammers may ask him to hide the real reason for the payment. Mr A responded that the payment was part of an investment and he wasn't being guided.

Mr A was then required to complete a questionnaire that started by advising him to answer truthfully and that scammers may ask him to hide the real reason for the payment. In answering the questionnaire, Mr A said he was investing in cryptocurrency after he discovered the investment opportunity online and that he had checked the company he was investing with was on the Financial Conduct Authority's (FCA's) register of authorised firms. He also said he hadn't been asked to install screen-sharing software on his device.

The questionnaire also included various warnings, including that scammers might ask him to install screen-sharing software and use it to help set up an investment account, that scammers advertise fake investments online, that inexperienced investors are more likely to be scam targets and that scammed customers sometimes move funds to an account they don't control and lose their money.

Next, Mr A was directed to Revolut's in-app chat where one of its agents clarified some of the answers given in the questionnaire and confirmed he wasn't being guided. The agent then warned of the importance of carrying out his own research as scammers sometimes create convincing online posts.

Finally, Mr A was shown a series of warning screens that advised him this could be a cryptocurrency scam. The screens explained that these scams often promise high returns in short periods of time, might have professional-looking online platforms, are promoted online, that scammers might ask customers to download software that allows them to view a victim's screen or control their device, and that investors should carry out their own research and not be rushed into making a payment.

After he'd been through this process, Mr A was allowed to continue with the payment.

As I've said above, after finding out more about the circumstances of the payment, I would have expected Revolut to provide a tailored warning relevant to the type of scam that could be taking place. In this case, Revolut was able to identify that Mr A was at risk of falling victim to a cryptocurrency investment scam and it provided a series of warnings setting out many of the common features of this type of scam.

It's unfortunate that some of the answers Mr A gave to the questions he was asked, for example about not downloading screen-sharing software, weren't accurate and it's not exactly clear why he answered in the way he did. If he'd correctly stated that he'd given the scammer access to his device, I might have expected Revolut to challenge him more robustly but I can't see that it had any reason to doubt his answers and I think the information it was given would reasonably have provided some comfort about the legitimacy of the transaction.

Mr A's representative has outlined other questions it believes Revolut could have asked and that it believes would have led to the scam being uncovered. But without the benefit of hindsight, I think the questions Revolut asked were sufficient for it to identify the purpose of the payment and the type of scam that could be taking place. Based on the answers it received, I'm satisfied the extent of its enquiries was broadly proportionate and appropriate to the particular circumstances of this case.

Taking everything into account, I think Revolut provided a series of warnings that were tailored to the scam that was taking place and that set out many common features of this type of scam. It's clearly unfortunate the warnings didn't resonate with Mr A but I don't think I

can reasonably attribute that to a failure on the part of Revolut to provide relevant information.

I want to be clear that it's not my intention to suggest Mr A 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 and his representative provided detailed reasons why he was taken in by the scam in making his original complaint. 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.

Recovery of funds

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

Revolut has said that it tried to recover the money but this was unsuccessful. That's not surprising as Mr A didn't report the scam to Revolut until 5 March 2024, more than a week after the payment was made, and 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.

I'm also conscious that Mr A transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Revolut could only have tried to recover money from his own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

With these points in mind, I don't think anything that Revolut could have done differently would have led to Mr A's money being successfully recovered.

In conclusion

I recognise Mr A has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Revolut acted fairly and reasonably in its dealings with him 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 A to accept or reject my decision before 1 July 2025.

James Biles
Ombudsman