

Complaint

Mr D is unhappy that Revolut Ltd didn't refund him after he fell victim to an investment scam.

Background

The background to this case is well known to the parties, so I won't set it out in full here. Briefly summarised, in early 2023 Mr D was looking for work. A friend recommended a platform that he could use, which appeared to offer work opportunities. Mr D says he was told that he could earn money by reviewing trailers for films and writing reviews. He would be paid commission for writing the reviews but, to participate, he needed to fund his account on the platform.

As a result, Mr D made two payments. The first was for £600 and was sent to a private individual. A few weeks later, he made a second payment of £3,000 to a third-party cryptocurrency exchange. That payment was converted to cryptocurrency and transferred into the control of the fraudster.

When Mr D realised he had been scammed, he told Revolut. It declined to reimburse him. It said that he had authorised the payments and that he should have taken more care. Mr D wasn't happy with this response and so he referred his complaint to this service. An Investigator looked into the complaint but didn't uphold it. Mr D wasn't happy with that outcome either, so the case has now come to me for a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. It's common ground that Mr D authorised both payments and so he is presumed liable at first instance.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect their customer. That might be as simple as providing a written warning as part of the payment process or it might extend to making contact with the customer to establish the circumstances surrounding the payment.

We now know with the benefit of hindsight that Mr D was falling victim to a scam. The question I have to consider is whether that risk ought to have been apparent to Revolut given the information that was available to it at the time and, if so, what a proportionate response to that risk should've been.

The first payment was for £600 and made to a named individual. Revolut has said that, before Mr D made this payment, it provided an onscreen warning. The warning included this 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. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.”

Having considered what happened, I don’t think there was anything about this transaction that should’ve caused Revolut to be concerned that Mr D was at risk of falling victim to a scam. I think it acted reasonably here by providing a fraud warning written in general terms. That was a proportionate response to the level of risk that payment presented.

The second payment was for £3,000 and went to a well-known third-party cryptocurrency exchange. In this instance, Revolut ought to have considered the payment as carrying more of a fraud risk. I say that because it knew that the payment was to a cryptocurrency related payee and by early 2023, losses to cryptocurrency fraud had reached record levels and that had resulted in many other firms introducing restrictions for cryptocurrency related payments. Revolut ought to have recognised that the second payment carried an increased risk of fraud.

For that reason, I don’t think Revolut did enough in connection with that payment. A proportionate response would’ve been to ask Mr D some questions about the reasons for the payment and then use that information to provide him with a warning that focused on the specific risks posed by the type of scam he’d likely been targeted by. It didn’t do so here. However, that doesn’t automatically mean that Mr D should be refunded. I need to be persuaded that the failing on its part was the cause of his losses – in other words, if it had responded to the risk in the way I think it should have, would that have prevented Mr D from falling victim to the scam?

Unfortunately, I’m not convinced it would’ve made a difference here. The types of warnings I’d have expected Revolut to provide would have related to investment scams involving cryptocurrency. The features of that kind of scam wouldn’t have matched the nature of the one that had targeted Mr D and, as a result, I don’t think it would’ve caused him to stop and reconsider the payment. Overall, if Revolut had done what I’d have expected it to do here, it’s more likely than not that Mr D would’ve proceeded with the payment anyway.

Revolut was also expected to take reasonable steps to try and recover lost funds. There was a significant period between him making the first payment and reporting the scam to Revolut. Fraudsters tend to move money on as quickly as possible to frustrate any attempts at recovery and so any prospect of recovering that first payment was always a remote one.

The second payment went to a legitimate merchant and so Revolut could’ve raised a chargeback on Mr D’s behalf. Unfortunately, the chargeback would’ve been raised against the merchant which had genuinely performed the service Mr D had requested – i.e. the receipt of fiat currency and its conversion into cryptocurrency. For that reason, it’s unlikely a chargeback would’ve succeeded.

I don't say any of this to downplay the fact that Mr D has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is to look at the actions and inactions of Revolut and, while I think it should've done things differently here, I'm not persuaded that its shortcomings were the cause of Mr D's losses and so I can't uphold this complaint.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 June 2025.

James Kimmitt
Ombudsman