

The complaint

Miss H is being represented by solicitors. She's complaining about Revolut Ltd because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Miss H fell victim to a cruel investment scam. She says she was contacted by scammers offering her the opportunity to make money from investing. She says she was told to download remote access software that allowed the scammers to help her set up accounts with a cryptocurrency exchange and a fake investment platform that appeared to show trades being carried out and profits generated on her behalf.

Miss H was also told by the scammers to set up a new account with Revolut and in August and September 2021 she used this to make the following transfers to a cryptocurrency exchange, from where the currency purchased was transferred to the scammers:

No.	Date	Amount £
1	28 Aug	5,000
2	31 Aug	10,000
3	2 Sep	20,000
4	2 Sep	5,000
5	2 Sep	5,000
6	2 Sep	5,000

Miss H reported the scam to Revolut on 7 September 2021 but its attempts to recover her money weren't successful. Although it did refund £5,000 of the money lost in October 2021, which it says it did in recognition of her vulnerability at the time. It also made a small payment in respect of the distress and inconvenience she suffered.

Our investigator recommended the complaint be upheld. They felt Revolut should have shown Miss H a warning about investment scams before processing the first payment and that this would have prevented her losses.

Revolut didn't accept the investigator's assessment. It's made the following key points in defence of this complaint:

- The payments were authorised and it had a responsibility to process them without undue delay.
- The payments weren't unusual for this type of account.
- The payments went to an account in Miss H's own name, meaning the fraud didn't occur on its platform.
- Miss H transferred the money for these payments to Revolut from her bank. We should consider any possible fraud interventions by the bank at the time.
- Miss H was negligent in making the payments without carrying out appropriate due diligence.

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, and for broadly the same reasons. In deciding what's fair and reasonable, I'm 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 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.

There's no dispute that Miss H authorised these payments. 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.

But, 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 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. 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;
- have been mindful of – among other things – common scam scenarios, how 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.

Taking these points into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Miss H.

Should Revolut have recognised that Miss H was at risk of financial harm from fraud?

I'm mindful that a key feature of a Revolut account is that it facilitates payments that often involve large amounts and/or the purchase of cryptocurrency. I'm also conscious the account was newly-opened and there was only a limited history of past activity against which these

payments might have looked suspicious. And that Miss H's representative has confirmed Revolut wasn't aware of her vulnerability at the time the payments were made.

But having considered what Revolut did know at the time of payment 1, I think it ought to have identified Miss H was at risk of harm from fraud. The amount involved was significant and the fact it was going to cryptocurrency would have suggested it was likely to be for an investment of some kind. The practice of opening an EMI account and immediately transferring large sums to an investment is a pattern common to many types of investment scam and Revolut should have known that. The transaction history also shows Miss H had tried to make at least three payments for similar amounts to a different cryptocurrency exchange over the previous two days. On balance, I think there was enough going on that Revolut shouldn't have processed the payment without intervening.

What did Revolut do to warn Miss H?

Aside from asking Miss H to confirm she knew and trusted the payee, I understand that no intervention took place before payment 1 was processed.

What kind of warning should Revolut have provided before payment 1 was processed?

As the money was going to cryptocurrency, I think Revolut should have been able to identify that the most likely type of scam that could be taking place was an investment scam. Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut to have at least shown Miss H a tailored warning setting out common features of investment scams, for example, that victims are often approached by people they've never met, promised extremely high returns over short periods of time, told to download remote access software, required to fund their investments with cryptocurrency, and set up with accounts on professional-looking but fake platforms.

If Revolut had intervened as I've described, would that have prevented the losses Miss H suffered from payment 1?

From the extracts of her conversations with the scammers that are still available, I've seen nothing to indicate Miss H was coached to ignore any scam warning Revolut might provide or any other reason to think she wouldn't have taken notice of such. I'm also conscious this payment came at a very early stage in the scam, a point when any influence the scammers might have had over her was likely to be less than it might become as she invested more and saw fake profits begin to accumulate.

If she had been shown the type of warning I've described, I think Miss H would have recognised many features of investment scams in her own situation and it should have resonated with her. On balance, I find that an appropriate warning would most likely have opened her eyes to the scam and that she'd have chosen not to proceed with the payment.

I think it follows that if the scam had been uncovered at the point of payment 1, payments 2 to 6 would also have been prevented.

What about the actions of Miss H's bank?

This was a multi-stage fraud that saw Miss H move money from her bank to Revolut and then eventually on to the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified she was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted the bank to establish if it attempted any kind of intervention before transferring her money to Revolut.

The bank has confirmed that it has no record of speaking to Miss H about the payments or of any tailored warnings of the type I've described. As a result, I don't think there was any intervention by the bank that should particularly have alerted her to the fact she was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether she acted reasonably in the circumstances.

Is it fair and reasonable for Revolut to be held responsible for Miss H's loss?

I have taken into account that Miss H remained in control of her money after making the payments from Revolut. It wasn't lost until she took further steps. But Revolut should still have recognised she was at risk of financial harm from fraud, provided appropriate warnings in relation to payment 1 and ultimately prevented her loss from that point. I think Revolut can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Miss H has chosen not to pursue a complaint about any other business and I can't compel her to do so. And, I don't think it would be fair to reduce her compensation because she's only complained about one business, as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I haven't referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I don't intend to comment on it. I note that Revolut says that it hasn't asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it's asking me to consider all of the facts of the case before me when considering what's fair and reasonable, including the role of all the other financial institutions involved. I'm satisfied that's what I've done.

Should Miss H bear any responsibility for her losses?

I've considered the evidence carefully to decide what's fair and reasonable. While I accept Miss H believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

After reviewing her messages with the scammer from the time, I can see that the returns being discussed were extremely high. For example, at one point – before Miss H had made all the above payments - the scammer referred to a bonus of £45,000 being payable. This return is extremely high and I think she should reasonably have questioned whether it was too good to be true. In the circumstances, I think she ought to have proceeded with great caution. If she'd carried out any further research, for example online searches, I think she'd have discovered her circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

Recovery of funds

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

I understand Miss H told Revolut about the fraud on 7 September 2021, five days after the last payment. 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 and it's not surprising that its efforts to get her money back weren't successful.

In any event, Miss H transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it to a wallet address of her choosing (albeit on the scammers' instructions). Revolut could only try to recover funds from Miss H's own account and it appears all the money had already been moved on. If not, anything that was left would still have been available to her to access.

In the circumstances, I don't think anything that Revolut could have done differently would likely have led to these payments being recovered.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Miss H and I'm upholding this complaint. If it had carried out an appropriate intervention before payment 1 debited her account, I'm satisfied her loss would have been prevented.

Putting things right

The principal aim of any award I make must be to return Miss H to the position she'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility she should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Miss H would have retained the money that was lost. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Miss H's own contribution towards the loss.

I can also see that Miss H received £5,000 back from Revolut. It's not clear this money related to any specific payment so I think it should be deducted from the amount lost by apportioning it proportionately across all of the payments made to the scam. This ensures this credit is fairly distributed.

To put things right Revolut should pay Miss H compensation of E + F, where:

- A = £50,000, representing the total of the payments to the scam;
- B = £5,000, representing the amount returned to her;
- C = £45,000, representing the total loss to the scam (B – A);
- D = 90%, representing the proportion of A that was lost to the scam (C divided by A);
- E = a refund of 45% of each of payments 1 to 6, representing a 50% refund of the proportion of these payments that were lost to the scam; and
- F = simple interest on each amount being refunded in E at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Miss H for the period she was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Miss H with a certificate showing how much tax has been deducted if she asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Miss H's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss H to accept or reject my decision before 1 October 2025.

James Biles
Ombudsman