DRN-5643356

The complaint

Mr K complains that Revolut Ltd won't refund money he lost when he was a victim of an investment scam.

Mr K is represented by a firm I'll refer to as 'R'.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

Mr K has explained that he received an unsolicited message from a person on an instant messaging application about an investment opportunity. He was directed to download an application to invest in crypto. And this required him to purchase crypto, from a legitimate provider, before forwarding it to a wallet address that he was provided.

Mr K made the following payments as part of the scam:

Date	Transaction type	Amount
1 January 2024	Fund transfer	£500
1 January 2024	Fund transfer	£10,000
1 January 2024	Fund transfer	£15,000
1 January 2024	Fund transfer	£3,000
1 January 2024	Fund transfer	£3,000
2 January 2024	Fund transfer	£1,000
7 January 2024	Fund transfer	£8,000
7 January 2024	Fund transfer	£3,000
10 January 2024	Fund transfer	£1,700
10 January 2024	Fund transfer	£200
10 January 2024	Fund transfer	£500
20 January 2024	Fund transfer	£100
	Total	**£46,000**

Mr K received two credits of £3,000 from the crypto provider – both on 1 January 2024. He says he realised he'd been scammed when, despite paying withdrawal fees, he didn't receive his funds.

R complained, on Mr K's behalf, to Revolut on 9 February 2024. In short, they said:

- Revolut failed to identify account activity that was out of character. And had Revolut intervened appropriately, the fraud would've been prevented.
- An appropriate intervention, whereby Revolut asked Mr K open and probing questions, would've uncovered the hallmarks of an investment scam.
- It is understandable why Mr K felt the investment was real and believable – as he undertook an internet search before investing, and he was given access to a sophisticated and professional trading portal which showed fake real time returns and deposits/trades.
- The fraudsters were in constant contact with Mr K, and due to his investment inexperience, he was unfamiliar with how things worked.
- Revolut is expected to monitor account activity for signs of fraud.
- Revolut should refund Mr K and pay 8% simple interest.

Revolut didn't uphold the complaint. In short, they said:

- They launched a request to freeze and retrieve the funds from the fraudulent beneficiary account. This process is bound by the cooperation from the beneficiary bank and the recovery of funds isn't guaranteed. The recovery of funds was still ongoing but in the case of a positive outcome, they would inform Mr K.
- They detected the payments were being made to a new beneficiary and displayed the following 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".

As Mr K acknowledged this warning, he was free to continue with the transfers.

- They detected the payment to the newly added beneficiary as suspicious, so they put it on hold. They showed a message informing Mr K that the transfer was riskier than most transactions. And they asked about the purpose of the payment, whether someone was pressurising him into making them, or if he'd been called unexpectedly.
- After this, Mr K was put in touch with their support team, where he confirmed he wanted to proceed with the transfer.
- In addition to system-based fraud protection, they also inform customers about scams and prevention tips through emails and blogs – and provide updates on their fraud and scam hub.
- They weren't at fault for processing the transfers that Mr K authorised in the form and procedure agreed in the terms and conditions for giving consent to execute payments from his account.
- They're not liable for these transactions, they treated Mr K fairly and they fulfilled their duty to protect him by providing sufficient warnings and trying to recover his funds.

Mr K's complaint was referred to the Financial Ombudsman. Our Investigator didn't think Revolut had to do anything further. She said Revolut did carry out additional checks and provided Mr K with scam warnings, but he decided to proceed with the payments anyway. Although she thought Revolut could've probed further at times, based on what Mr K disclosed, she considered Revolut's interventions were proportionate to the risk associated with the payments overall. And that further interventions wouldn't have likely made a difference.

R disagreed with our Investigator. In short, they said:

- Electronic Money Institutions (EMIs) should ask open and probing questions, as well as hold their customer's answers up to a reasonable degree of scrutiny. They should also use their knowledge of fraud types and trends when questioning their customers.
- Revolut's interventions were ineffective and disproportionate to the level of risk posed. They didn't meet the standards set out in numerous decisions made by the Financial Ombudsman.
- Having blocked one of Mr K's payment, as part of Revolut's questioning, Mr K said, *"No Forex only don't touch crypto".* This made no sense given he was sending funds to a known crypto provider that doesn't facilitate forex trading. This was a huge red flag that Revolut ought to have immediately seen, but there was then no further probing. This was a clear failure – and they cannot fathom how this level of intervention could possibly be deemed proportionate to the risk posed by the payment(s).
- Had Revolut intervened in line with expectations, the scam would've been exposed and Mr K's loss would've been prevented. This is because Revolut would've identified the hallmarks of a standard crypto scam.

Our Investigator considered R's additional points, but her position remained the same. She added that while Revolut could've questioned Mr K further about the nature of the transactions, he was still receiving scam warnings and, despite these, decided to go ahead with the payments – which suggests he was aware of the potential risks involved. She also noted that there was the possibility Mr K was being coached by the scammer when answering Revolut's questions.

R remained in disagreement with our Investigator. They emphasised that EMIs are expected to provide proportionate warnings and scam education with the aim of dispelling any influence cast by fraudsters. Revolut didn't do this. Had they done more to establish the facts of Mr K's circumstances, they would've identified red flags – thereby uncovering the scam and providing more suitable warnings.

The matter has been passed to me to decide.

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.

I must consider whether Revolut is responsible for the loss Mr K says he suffered to an investment scam. Having done so, and while I realise this isn't the outcome Mr K is hoping for, I don't think they are. Because of this, I don't think Revolut acted unfairly by not refunding the payments. I'll explain why.

Before I do, I want to reassure Mr K that I've considered this case on its own merits and taken account of everything R has submitted on his behalf. And so, while I've summarised this complaint in far less detail than what has been provided, I want to stress that no discourtesy is intended by this. If there is a submission I've not addressed; it isn't because I have ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Revolut is responsible for the claimed loss.

My first consideration is whether Mr K was the victim of an investment scam which, due to limited evidence provided, is a difficult point to conclude conclusively. But for the purpose of this decision, I don't need to make a finding on that point. Instead, I'm focusing on whether action by Revolut could've prevented Mr K's claimed loss.

In broad terms, the starting position in law is that anEMI is expected to process payments that their customer authorises them to make. It isn't disputed that Mr K knowingly made the payments from his account and so, I'm satisfied he authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of his account, Revolut are expected to process Mr K's payments, and he is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Revolut to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, Revolut did carry out additional checks before processing the £10,000 and £15,000 payments made on 1 January 2024 – which is what I would've expected given their high value and as they were being made to well-known crypto provider. As part of these checks, Revolut asked Mr K for the purpose of the £10,000 payment. Mr K selected 'Transfer to my other account', followed by, and in response to being asked what kind of account, 'Checking or savings account in another bank'. Although Mr K was transferring funds to another account he held (with the crypto provider), a more accurate payment purpose option was available for Mr K to select – 'As part of an investment'. And even when asked further about what kind of account he was transferring his funds to, Mr K again didn't choose the most accurate option available – as he could've selected 'Investment, trading or pension account'.

Mr K was then provided some educational stories based on the payment information he provided. These however weren't entirely relevant to Mr K's circumstances as they were more tailored to 'safe account' scams. Nevertheless, before the £10,000 and £15,000 payments were processed, Revolut directed Mr K to their in-app chat to discuss them further. This led to, across both conversations, the following:

- He was sending the funds to his trading account for 'currency trading', he'd held the account for five years and nobody had asked him to move the money.
- He had researched the company.
- He wasn't investing in crypto.
- When asked the purpose of the most recent payments to the crypto provider, he said "[crypto provider] *was to fund my accounts*" and then, when asked by Revolut if he meant funding his crypto account, he explained "*No forex only don't touch crypto"*.
- He confirmed he had withdrawn funds that he'd deposited.
- Revolut asked Mr K to share the name of the website or company that was advertised to him and whether anyone had endorsed it. Mr K said "*Nothing advertised"*.
- When asked where he planned to send the funds from the investment/crypto platform, Mr K replied "*Back to you guys"*.

Revolut also provided warnings that included:

- *"Make sure any research you do is your own – fraudsters create convincing-looking posts on social media, or share articles about investing. If someone says you need to send money as a tax or fee to access your funds, you are being scammed".*
- *"It is important to only purchase cryptocurrency from a reputable company. Scammers often use tactics to trick you into buying cryptocurrencies from fake*

websites and investment platforms".

Mr K has said he no longer has access to his conversation with the scammer. And so, I cannot be sure what was discussed at the time – including whether Mr K was being coached on how to respond to Revolut's questions. Nevertheless, despite Mr K since confirming he was making the payments for investing in crypto, he specifically told Revolut that he wasn't. Nor did he disclose the name of the trading firm when asked, or that the funds would be moved onwards from the crypto provider to another trading platform (instead, he said it would be returned Revolut). And, as I've said, Mr K didn't select the most accurate payment purpose option either. From this, it seems that Mr K wasn't willing to disclose the true circumstances as to why he was making the payments.

I've considered R's point that Revolut should've been concerned by Mr K's response that he was making the payments for forex trading and not for crypto purposes, despite it going to a known crypto provider. I agree that this response ought to have concerned Revolut as the payment purpose was inconsistent with the payee. So, it would've been reasonable for Revolut to have questioned Mr K further about it. But while I think Revolut should've done more to better understand the circumstances of why Mr K was making the payments, I'm not persuaded this would've made a difference. I'm satisfied that, on balance, Mr K would've continued to have withheld the true reason behind why he was making the payments even if Revolut had questioned him further. Because of this, I'm not persuaded that Revolut could reasonably have uncovered the scam or prevented Mr K's loss.

I'd also add that Revolut did provide Mr K with some warnings relevant to his situation (as listed above). For example, Revolut informed Mr K that if someone was telling him he needed to send money as a fee to access his funds, this would be a scam. Mr K however did pay withdrawal fees despite receiving this warning. So, I'm not convinced that, if Revolut had provided further warnings to Mr K that were relevant to his situation, he would've responded positively to them. Ultimately, I think Mr K would've proceeded to make the payments regardless of any further intervention on Revolut's part. I therefore don't think it would be fair and reasonable to find Revolut responsible for his loss.

On a final note, I've considered whether, on being alerted to the scam, Revolut could reasonably have done anything more to recover Mr K's losses, but I don't think they could. The payments were for the purchase of crypto that was forwarded on as part of the scam. Revolut could've only sought to recover funds from the crypto provider, but no funds would've remained. And if they did, they would've been in Mr K's own control to access.

I appreciate Mr K will be disappointed by this outcome. But it would only be fair for me to direct Revolut to refund his loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut have acted fairly and so I'm not going to tell them to do anything further.

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 K to accept or reject my decision before 27 August 2025.

Daniel O'Dell
Ombudsman