

The complaint

Mr M complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only give a brief overview of some of the key events here.

Mr M was contacted out of the blue by someone I'll refer to as "the scammer" who claimed to work for Company B. The scammer told Mr M she was a financial advisor and that he could make a profit by investing in cryptocurrency.

Mr M checked B's website and couldn't find anything concerning online. When he said he wanted to go ahead, the scammer told him to install AnyDesk and to open accounts with Revolut and a cryptocurrency exchange company. She told him to first purchase the cryptocurrency and then load it onto an online wallet. He opened the Revolut account on 10 April 2023, funded it with money from Bank S, and between 11 April 2023 and 9 June 2023, he made eight faster payments totalling £45,524.

He complained to Revolut when he realised he'd been scammed, but it refused to refund any of the money he'd lost, so he complained to this service. He said Revolut should have intervened because he was making high value payments in quick succession, and it should have asked probing questions, and provided effective warnings, which would have prevented his loss.

Responding to the complaint, Revolut said the beneficiary institution was contacted on 8 December 2023, and on 24 January 2024, it confirmed that no funds remained. It said the declared purpose of the account was 'transfers', and the account was newly created, so there was no transactional data to compare to the fraudulent payments with.

It explained that after Mr M added the new beneficiary on 11 April 2023, he saw a "transfer review" warning and was asked to provide a payment purpose. He chose 'investment' and was given strong tailored warnings based on the stated purpose, which he acknowledged before proceeding with the payment. The account was also flagged on 13 April 2023 and Mr M was engaged in an in-app chat where he denied any third-party involvement.

Revolut said Mr M didn't undertake reasonable due diligence because he went ahead with the investment without conducting any online searches, which could have alerted him to the scam risk. It said he saw strong warnings in the app, and if he'd been truthful, it would have uncovered the fraud. And no matter which warnings or alerts it raised, Mr M would have gone ahead as he was blindly following the scammer's instructions.

It argued that for the FOS to effectively apply the reimbursement rules to self-to-self transactions is an error of law. Alternatively, this service irrationally failed to consider the fact

that the transactions are self-to-self and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.

It has further stated that it is irrational (and illogical) to hold it liable for customer losses in circumstances where it is merely an intermediate link, and there are typically other authorised banks and financial institutions in the payment chain that have comparatively greater data on the customer.

It had also cited the Supreme Court's judgement in *Philipp v Barclays Bank UK plc* [2023] UKSC 25 where Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, 'no inquiries are needed to clarify or verify what the bank must do. The bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank'.

Our investigator didn't think the complaint should be upheld. He thought Revolut should have been concerned about the payments because Mr M was sending high-value payments to a high-risk cryptocurrency merchant from a newly opened account in a short space of time, and some of the payments took the account balance to nil.

He noted that Revolut's security system flagged the £1,722 transfer on 11 April 2023 and Mr M declared the payment purpose as 'investment'. This was followed with tailored warnings based on the stated purpose and Mr M was shown a set of dynamic educational story messages warning him about the risks associated with investment scams.

On 13 April 2023, he was contacted via the in-app chat and questioned about the payment, in response to which he said he was making the transfer on his own and was trying to save funds. He said he hadn't downloaded AnyDesk, and he hadn't received any calls recently from anyone telling him to create a Revolut account and encouraging him to make an outbound transfer.

Our investigator commented that Mr M's responses were misleading and prevented Revolut from uncovering the scam. He thought it should probably have intervened again because the payments increased in value, but he didn't think it would have made any difference because he wouldn't expect it to do anything different and he was satisfied Mr M would have provided the same responses, so the scam wouldn't have been detected.

Mr M has asked for the complaint to be reviewed by an Ombudsman. His representative argued that he was left waiting for long periods of time and passed to multiple advisors, forcing him to repeat himself. He also sent a picture of a message he'd sent to the scammer to Revolut and took a screenshot of the questions asked by Revolut and sent them back to the chat, which ought to have raised further questions around whether he was being guided.

My provisional findings

I issued a provisional decision on 11 June 2025 in which I stated as follows:

I'm satisfied Mr M 'authorised' the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr M is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr M didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer

has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

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.

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 in April 2023 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;
- 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.

I’ve thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I’ve seen, the payments were made to a genuine cryptocurrency exchange. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it did enough when Mr M tried to make the payments. If there are unusual or suspicious payments on an account, I’d expect Revolut to intervene with a view to protecting Mr M from financial harm due to fraud.

The payments did flag as suspicious on Revolut’s systems and so I’ve considered whether the interventions were appropriately timed and proportionate to the risk presented by the payments.

Revolut intervened when Mr M made the first payment for £1,722 and he was asked to provide a payment purpose and shown warnings relevant to the purpose he selected, which was ‘investment’. Based on the value of the payment, I’m satisfied this was appropriate and proportionate and that there was nothing else Revolut should have done to detect or prevent the scam at that point.

It intervened again when Mr M made the second payment, which was £2,000 to the same merchant. This time, Mr M was engaged in a live chat with Revolut when he said he hadn’t downloaded AnyDesk, and he hadn’t received any calls from anyone telling him to create a Revolut account and encouraging him to make an outbound transfer. I’m satisfied this

intervention was proportionate and based on the value of the payment and the responses Mr M gave, I don't think it was unreasonable for Revolut to have processed the payment.

I've considered whether there were any further opportunities to intervene and even though Mr M was sending funds to the same payee, the payments increased in size significantly and so I think it ought reasonably have intervened again on 17 April 2023 when he made the fourth payment because it was for £7,502, and the cumulative total of the two payments he made that day was £11,302. But as Revolut had already engaged Mr M in a live chat conversation, I don't think the outcome would have been any different, so the scam would likely have continued.

Mr M's representative has argued that Revolut ought to have been suspicious when he accidentally posted a screen shot on the live chat of a message he'd sent to the scammer on 8 May 2023. I've considered whether this ought to have alerted Revolut to the scam and I think it would have been difficult to determine the context of the messages, and I don't think it contained anything to indicate that Mr M was being scammed. So, I don't think it's unreasonable that Revolut didn't act on it.

Significantly, Mr M contacted Revolut via its live chat facility on 20 May 2023 to tell it he'd been scammed. He said he'd been the victim of fraud, he'd downloaded AnyDesk, he'd made an initial investment of \$250, he'd been told to open the Revolut account and that he'd been told to send money to release his funds, all of which are red flags for fraud. He also sent screenshots of messages he had with the scammer and confirmed details of the recipient account. One of the agents told Mr M to delete the beneficiary but, ultimately, the chat ended with no further action and, unfortunately, on 6 June 2023 and 9 June 2023, Mr M sent a further £9,300 and £4,700 to the scam without any intervention from Revolut.

Revolut has stated that even though Mr M had reported the scam, he didn't provide the necessary information to investigate the claim, and the conversation was left unresolved. It said that without Mr M's full cooperation it wasn't in a position to take proactive measures or restrict further outgoing payments. It argued that Mr M had gone ahead with the final two payments despite knowing he was potentially being defrauded, and it can't be expected to prevent a customer from falling victim to a scam once they are aware of it because it can't override a customer's instruction to make a payment in the absence of fraud indicators strong enough to justify freezing the account.

I've considered what I think ought to have happened following the interaction on 20 May 2023 and while I accept Revolut might not have had enough information to raise a scam claim, I would still expect it to have provided some education on the continued scam risk, for example that he shouldn't engage any further with the scammer because it was likely they would tell him to make further payments to release his funds. Further, I disagree that there were no strong fraud indicators and, consequently, I think Revolut ought to have either frozen the account or blocked payments to the beneficiary.

Unfortunately, this didn't happen and just over two weeks later, Mr M sent a further £9,300 to the scam, followed by £4,700 a few days later and as I think Revolut could have prevented this additional loss, I'm minded to direct that Revolut should refund the final two payments.

Contributory negligence

Mr M reported the scam to Revolut on 20 May 2023 and he also contacted his other banks and the Police. His representative has said that Revolut didn't confirm the scam, but I don't accept this as an explanation for why he sent a further £14,000 to an investment that he'd already concluded was a scam.

I've read the messages Mr M had with the scammer between 20 May 2023 and 22 May 2023 and it's clear she continued to pressure him to make further payments to release his investment. I note that he wasn't provided any education by Revolut or Bank S when he reported the scam, and I accept he was desperate to recover funds that he'd already lost as well as the profit he believed he'd made.

But I don't consider this is an excuse for having failed to take reasonable care not to lose more money and in the circumstances, I'm minded to direct that the settlement should be reduced by 50% for contributory negligence on the basis that Mr M knew or strongly suspected the investment was a scam and should not have made the final two payments.

Recovery

I don't think there was a realistic prospect of a successful recovery because Mr M paid an account in his own name and moved the funds onwards from there.

Compensation

The main cause for the upset was the scammer who persuaded Mr M to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

Developments

Mr M has indicated that he accepts my provisional findings, and Revolut hasn't responded.

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.

Because neither party has submitted any additional evidence or arguments, the findings in my final decision will be the same as the findings in my provisional decision.

My final decision

My final decision is that Revolut Ltd should:

- refund the final two payments.
- this settlement should be reduced by 50% to reflect contributory negligence.
- pay 8% simple interest*, per year, from the respective dates of loss to the date of settlement.

*If Revolut deducts tax in relation to the interest element of this award it should provide Mr M with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 July 2025.

Carolyn Bonnell
Ombudsman