

The complaint

Miss N has complained that Revolut Ltd won't refund money she says she has lost to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows:

Miss N came across an advertisement for an 'investment opportunity' on social media. Miss N left her details as an expression of interest and was contacted by the scammer, who she thought was a representative of the investment company. Miss N has said the scammer told her to open an account with Revolut.

On 7 November 2023, Miss N transferred £9,500 to the scammer. However, when Miss N asked to make a withdrawal, the scammer asked her to pay a withdrawal fee. It was at this point Miss N realised she had been scammed. Miss N didn't complain to Revolut until 24 April 2024.

Revolut looked into the complaint but said it had acted fairly. Revolut said its fraud detection system did flag the transfer as suspicious and as a result Miss N received the relevant warnings and still chose to proceed and make the payment. Therefore, it said it wasn't obliged to refund the money Miss N lost to the scam.

Miss N didn't agree, so she brought her complaint to our service. Our investigator looked into the complaint but didn't recommend it be upheld. Miss N remained unhappy and referred her complaint to me to consider.

I issued my provisional findings on 10 June 2025 and said:

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

In deciding what's fair and reasonable, I am 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.

*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. And, as the Supreme Court has recently reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.*

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

In this case, the terms of Revolut's contract with Miss N modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".

So Revolut was required by the implied terms of its contract with Miss N and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in November 2023 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMIs like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²*

¹ The Payment Services Regulation 2017 Reg. 86(1) states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account **by the end of the business day following the time of receipt of the payment order**" (emphasis added).

² For example, Revolut's website explains it launched an automated anti-fraud system in August 2018:

https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks_/

- *requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- *using the confirmation of payee system for authorised push payments;*
- *providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- *Electronic Money Institutions like Revolut are required to conduct their business with “due skill, care and diligence” (FCA Principle for Businesses 2), “integrity” (FCA Principle for Businesses 1) and a firm “must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems” (FCA Principle for Businesses 3)*
- *Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of “Financial crime: a guide for firms”.*
- *Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut’s obligation to monitor its customer’s accounts and scrutinise transactions.*
- *The October 2017, BSI Code³, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*
- *Since 31 July 2023, under the FCA’s Consumer Duty⁴, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was “consumers becoming victims to scams relating to their financial products for example, due to a firm’s inadequate systems to*

³ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

⁴ Prior to the Consumer Duty, FCA regulated firms were required to “pay due regard to the interests of its customers and treat them fairly.” (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”⁵.

Overall, 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 November 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;*
- 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 – (as in practice Revolut sometimes does).*

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

It’s not in dispute that the payment of £9,500 on 7 November 2023 highlighted that Miss N was at risk of financial harm. I say this because by Revolut’s own admission, its fraud detections system did flag the transaction as suspicious and as a result Revolut postponed the payment and issued several warnings.

What did Revolut do to warn Miss N?

Having reviewed the in-app chat between Miss N and Revolut, it is apparent that Miss N initially said the reason for her transfer was to move her money to another account. With that in mind, Revolut issued Miss N with a warning which aligned to a safe account scam. It asked Miss N if anyone had contacted her claiming to work for Revolut or other financial institutions or suggested her money or account was at risk of Fraud. It asked her if anyone had told her to ignore warnings, and said:

“Be wary of unsolicited messages or calls requesting payments to be made because your money is at risk or investments to be initiated because there’s a “too good to be true” opportunity at stake”

Miss N was asked to confirm if she had received a call or message such as this and she confirmed “No”. As such she was directed back to the Revolut app to review the payment details. However, Miss N was unable to process the payment as it had ‘timed out’. So, she was told she would need to process the payment again if she wished to proceed. Miss N contacted Revolut sometime later to explain she had attempted the payment several times and followed its instructions but was still unable to make the payment. Miss N was then issued with the following warnings:

“Scammers are using increasingly sophisticated techniques to gather personal information. Then, they convince customers to transfer funds in complicated scams. Scammers may pretend to be a financial institution, government institution, trusted online business or seller, or an exciting investment opportunity. They use convincing phone numbers and emails to

⁵ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

contact you. Revolut will NEVER contact you over the phone without verifying ourselves first. We will also NEVER contact you by text to verify ourselves. I will now examine your payment further to make sure it is not fraudulent”

Revolut asked Miss N to verify her identity, and Miss N complied. Revolut then issued a further warning relating to a safe account scam. After that there seemed to be some confusion on Miss N's part, she asked Revolut to clarify what it meant, as she didn't think it had asked a question but rather provided a statement. Revolut provided the following explanation:

“If you have been called by any bank claiming that your account is not safe and you need to move your money to another account, stop. They may claim that they have created a new ‘safe’ account for..... Is this something similar to the reason of your transfer?”
Miss N responded and said “yes”. So based on that Revolut stopped the payment and explained to Miss N that it was doing so to protect her funds. Miss N responded and said: “Question is not clear or makes sense...”

Miss N attempted to make the payment again on 7 November 2023. Miss N was issued with the same warnings she received above and was asked to prove her identity. She was then provided with a safe account warning and was asked to confirm if this was similar to the reasons why she was making a transfer. This time, Miss N said no, and Revolut asked what the payment was for and Miss N said:

“These questions were asked previously, and I confirmed Safe account”

Revolut asked some further questions, such as, have you been asked to ignore scam warnings, have you been told you're a victim of fraud, or has any desk been installed on your computer or phone. Miss N said no to all questions and Revolut processed the payment.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in those circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's primary duty to make payments promptly.

As I've set out above, the FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.

I'm mindful that firms like Revolut have had warnings in place for some time. It, along with other firms, has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, I think that by November 2023, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored, effective warnings relevant to that scam. But, I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance.

Taking that into account, I am satisfied that, by November 2023, Revolut ought to have attempted to narrow down the potential risk further. I'm satisfied that when Miss N made the

Payment, Revolut should – for example by asking a series of automated questions designed to narrow down the type of cryptocurrency related scam risk associated with the payment she was making – have provided a scam warning tailored to the likely cryptocurrency related scam Miss N was at risk from. However, when Miss N was asked the reason for her payment purpose she said ‘transferring to my own account’ and “safe account”. But in this case Miss N was falling victim to an ‘investment scam’. By not providing Revolut with accurate information, denied it the opportunity to provide a warning covering off the key features of a cryptocurrency investment scam.

However, I have also taken into consideration that Miss N did say “safe account” as one of her answers to the reasons for her transferring her money. Based on what Revolut knew at that time, and what they know about safe account scams, I think it would have been reasonable for Revolut to have asked Miss N further questions to ascertain whether she was falling victim to a scam or whether her understanding of what ‘safe account’ meant as one of the payment options for transferring her funds. I accept that Revolut did ask Miss N if she had been told she was a victim of fraud or pressurised into making the payments, if she was asked to install software or told to ignore warnings. But I don’t think this was enough to establish Miss N’s understanding of choosing the option safe account (with Revolut knowing there was no legitimate reason for a safe account transfer). So, I think more formal questions should have been asked to establish Miss N’s understanding and to establish if safe account was chosen in error.

If Revolut had provided a warning of the type described, would that have prevented the losses Miss N suffered from payment one?

I think it’s reasonable to conclude if Revolut had intervened as I have highlighted above it wouldn’t have unveiled the scam. I say this because on several occasions Miss N was asked if anyone was guiding her or pressurising her to transfer the money. And Miss N said no. However, having reviewed the scam chats, it was apparent the scammer was pushing Miss N to do things she didn’t feel comfortable doing, including taking out a loan. But Miss N didn’t declare this to Revolut.

Secondly, Miss N would have had an option to select ‘investments’ as the reason for her payment purpose. However, Miss N didn’t select this option. By withholding this information, Miss N denied Revolut the opportunity to provide the correct automated warning (which I consider would have been proportionate in this circumstance) and gather accurate information to unveil the scam.

In one of the generic warnings given by Revolut, it said:

“Be wary of unsolicited messages or calls requesting payments to be made because your money is at risk or investments to be initiated because there’s a “too good to be true” opportunity at stake”

And while there wasn’t an unsolicited call, Miss N’s was being pushed to invest in an opportunity which seemed ‘too good to be true’ and this didn’t prompt Miss N to stop and consider her circumstances or prompt her to disclose the real reason for making the transfer. In Miss N’s submissions to our service her representative said Miss N was being coached by the scammer to deliver specific answers to Revolut’s questions and to tell Revolut to proceed regardless. And that Miss N had built trust with the scammer over several months. So, it’s reasonable to conclude, this was the reason why Miss N wasn’t providing accurate information to the questions Revolut asked, and why her answers changed was due to her denied Revolut the opportunity to obtain accurate information and provide the correct automated warnings. As such, even if Revolut had asked further questions, I am satisfied Miss N would have answered how she had previously and as such, prevented Revolut from

uncovering the scam. Therefore, I can't reasonably hold Revolut responsible for the loss Miss N suffered.

Recovery

I have gone on to consider if Revolut took reasonable steps to try and recover the funds. Miss N didn't report the scam to Revolut until 24 April 2024, which was five months after the transfer was made. I'm satisfied that had Revolut contacted the receiving institution as soon as it was aware of the fraud this wouldn't have made a difference in the circumstances. This is because, unfortunately, at the time Miss N reported the fraud, the money had already been removed from the receiving accounts. It is common practice for scammers to often move funds quickly upon the funds reaching their account. Revolut, did contact the beneficiary institutions who informed Revolut the funds were unavailable."

Neither party responded to my provisional findings.

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.

As neither party responded, I see no reason to depart from my provisional findings. As such my decision remains the same.

My final decision

My final decision is that I don't uphold this complaint.

Jade Rowe
Ombudsman