

Complaint

Mr S is unhappy that Revolut Ltd didn't reimburse him after he reported falling victim to a scam.

Background

In early 2023, someone Mr S knew well contacted him about what they described as a promising investment opportunity with a company I'll refer to as T. Mr S was told that T would manage his investment and generate returns on his behalf. His friend, who introduced him to the opportunity, received some remuneration for signing up new investors and strongly endorsed the investment. Mr S was sent promotional material and attended webinars hosted by representatives of T, which appeared professional and credible. He was told he could earn around 6% per month on his investment.

In his initial submission, Mr S said he believed he was investing in foreign exchange and commodities. It later appeared that T had also attempted to launch its own cryptocurrency, which wasn't successful. As I understand it, that cryptocurrency was launched in December 2022—prior to Mr S's payments—and later lost most of its value. After that, communications with T ceased, and Mr S suspected he'd fallen victim to a scam.

Mr S used his Revolut account to make four payments to a third-party cryptocurrency exchange. As I understand it, those funds were then converted to cryptocurrency and transferred on. The payments were as follows:

- 9 March 2023 – £901
- 10 March 2023 – £2,001
- 10 March 2023 – £3,001
- 12 March 2023 – £4,001

Several other attempted payments weren't successfully executed by Revolut. At the time of the payments, there were no warnings about T published on the websites of the Financial Conduct Authority (FCA) or IOSCO. Later, in December 2023, IOSCO published warnings about T, and the regulator in the country in which T operated also took regulatory action.

Once Mr S concluded that he must have fallen victim to a scam, he notified Revolut. It didn't agree to refund his losses. It said that the payments weren't out of character for him and so it didn't think it had done anything wrong in processing them.

Mr S wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. He thought Revolut ought to have taken some steps here to protect Mr S, but he didn't think its failure to do so was the cause of his losses. He thought it was likely Mr S would've wanted to go ahead with the payments anyway.

Mr S disagreed with the Investigator's view. His representative provided a detailed and lengthy submission arguing that T was undoubtedly perpetrating an investment fraud and that would've been clear to Revolut if it had intervened. As Mr S disagreed with the Investigator's view, the complaint has been passed to me to consider and come to 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. 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.

Those expectations aren't relevant if I'm not persuaded that Mr S has fallen victim to a scam. To find that he has, I'd need to be persuaded that the operators of T intended to defraud Mr S. I obviously can't know what their intentions were at the time, and so I have to draw inferences as to what those intentions likely were based on the other available evidence. Having done so, I'm not persuaded that Mr S did fall victim to a scam here.

It goes without saying that the mere fact that he suffered a loss doesn't mean that the investment was a scam. Some investment opportunities are high-risk or speculative ventures with a strong possibility of losses. Even if those investments are marketed in ways that appear to be underhand – for example, by being overly optimistic about the prospect of returns, that alone doesn't meet the high legal threshold for fraud.

In this case, I can see that T was incorporated overseas and regulated by the authorities in that jurisdiction at the time of the disputed payments. While regulatory requirements vary between jurisdictions, I find it unlikely that a fraudster would voluntarily submit itself to regulatory oversight given the risk of its real purpose being discovered. The investment might have been promoted using methods that were unethical or underhand. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, it's not sufficient evidence of an intention to defraud customers from the outset.

I accept that it wasn't authorised by the UK regulator and that s21 of the Financial Services and Markets Act 2000 prohibits the promotion of investment activity, unless that promotion is made, or approved, by an authorised person. In other words, T shouldn't have been promoting investments to UK customers. However, that doesn't mean that the underlying investment was fraudulent. It's possible for an investment to be legitimate but still subject to restrictions as to how and to whom it can be marketed. Unregulated investments cover a broad spectrum – from niche, high-risk opportunities like unregulated collective investment schemes to things that are, unequivocally, fraudulent. I don't find that the fact that T wasn't authorised by the FCA to be a sufficient indication that Mr S fell victim to an investment scam here.

No warnings have been published about T on the FCA's website. I've taken into account that two overseas regulators had issued warnings about T offering services without permission in their jurisdictions. In 2023, the national regulator responsible for T also took action around

governance and shareholder concerns—though these actions were taken after Mr S had made his investment. While I agree that might be indicative of poor business practices, I'm not persuaded it's enough to say that T set out with the intention of defrauding would-be investors.

In the round, I'm not persuaded that Mr S fell victim to a scam here. But I also agree with the conclusions of the Investigator that, even if I were to find otherwise, I'm not persuaded Revolut could have prevented the loss. If it had intervened in connection with any of these payments and discussed them with Mr S, I think it wouldn't have been too concerned. Mr S would likely have reassured Revolut that he'd carried out his own checks and was comfortable with the investment. There were a handful of negative reviews online, but no warnings were published by IOSCO until several months later. The manner in which Mr S came across the investment wasn't suspicious—he was referred to it by a trusted individual he knew in real life. He wasn't being guided through the process step-by-step by a stranger, as we often see in other cryptocurrency investment scams.

Finally, he had made previous investments in cryptocurrency. His Revolut statements showed he'd purchased cryptocurrency with another firm in the past and successfully made a substantial withdrawal. That was some time before he was persuaded to make this investment, but I think it would've been a relevant factor for Revolut to consider when determining whether he was at risk here.

I don't say any of this to downplay the fact that Mr S has clearly lost out here. I have a great deal of sympathy for him and the position he's found himself in. Nonetheless, I'm not persuaded that there's strong enough evidence to say that he fell victim to a scam.

Final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 3 October 2025.

James Kimmitt
Ombudsman