DRN-5710333

The complaint

Mrs T 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, Mrs T fell victim to a cruel investment scam. After seeing an online advert for an investment scheme that appeared to be endorsed by a well-known celebrity, Mrs T was contacted by the scammer. She was then advised to download screen-sharing software to allow the scammer to help her set up accounts with Revolut, a cryptocurrency exchange and the fake investment platform. Once she'd begun investing, Mrs T was able to see trades being made and profits generated on her behalf on the fake platform and was persuaded to continue investing more money. She realised it was a scam when she tried to withdraw money and wasn't able to.

Mrs T initially paid £250 to the scheme from an account with a different bank. Then between January and August 2023, she made the following payments to two cryptocurrency exchanges from her newly-opened Revolut account.

No.	Date	Amount £	Type
1	31 Jan	500	Card
2	7 Mar	2,000	Card
3	8 Mar	1,300	Card
4	18 May	3,000	Card
5	20 May	2,500	Card
6	16 Jun	3,000	Card
7	19 Jun	2,500	Card
8	18 Aug	5,000	Card
9	19 Aug	14,499	Transfer

Mrs T did receive a payment back from the scam, with £81.08 being returned to her Revolut account on 10 February 2023. Beyond that, I understand no further funds were returned.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be upheld. My reasons were as follows:

> *In this case, there's no dispute that Mrs T authorised the above 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 Mrs T.

Should Revolut have recognised that Mrs T was at risk of financial harm from fraud?

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and/or the purchase of cryptocurrency and I must take into account that many similar payment instructions it receives will be entirely legitimate.

Prior to payment 1 being processed, Mrs T tried to make two payments to a cryptocurrency exchange that were declined. Losses to cryptocurrency fraud reached record levels in 2022 and, by the end of that year, many high street banks had placed restrictions or additional friction on cryptocurrency purchases owing to the elevated fraud risk. So, by the time this time, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Revolut has provided a copy of its interactions with Mrs T from the time, carried out via its in-app chat function. This shows it was necessary for Mrs T to speak to Revolut between 23 and 27 January 2023 after the two declined two payments. During the chat, Revolut asked Mrs T a number of questions, including whether she'd recently downloaded screen-sharing software and the reason for the payment she was trying to make.

In response, Mrs T explained that she was increasing her existing cryptocurrency investment with the fake investment company (which she named) and that she'd recently downloaded screen-sharing software. She also said she was dealing with an agent who'd advised her to use Revolut to transfer money to the cryptocurrency exchanges. Revolut should have known that the situation Mrs T described bore the hallmarks of many known types of investment scam and this is the point at when I believe it should have identified that she may be at risk of harm from fraud.

What did Revolut do to warn Mrs T?

Revolut's agents didn't mention the possibility that Mrs T may be falling victim to a scam at any point. Instead, they provided assistance that allowed her to regain access to her account, after which she went on to make the payment again, successfully this time.

What kind of warning should Revolut have provided?

Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut's agents to have attempted to establish more about the surrounding circumstances. They could have asked, for example, how Mrs T found out about the investment, who the agent was and why she was making payments from Revolut rather than her existing bank account.

There is some evidence the scammer had coached Mrs T on how to reply to any questions she was asked about the payment and I can't be sure exactly how she'd have answered further questions. But whatever she might have said, she'd already told Revolut more than enough to alert it to the real possibility that the payment was part of a scam. Armed with this information, I conclude that Revolut should have told Mrs T she may be falling victim to a scam and provided a tailored warning that set out the common features of investment scams.

If Revolut had intervened as I've described, would that have prevented the losses Mrs T suffered from payment 1?

In providing a tailored warning, I would have expected Revolut to set out common features of many types of investment scam. This could have included, for example, that scam investment companies often advertise online, sometimes with fake celebrity endorsements, and can mimic legitimate investment companies, that victims are often put in close contact with 'brokers' who ask them to download software that allows the scammer to set up accounts with fake but professional-looking platforms, required to purchase cryptocurrency before transferring it out of their control, and sometimes receive small returns at the outset to make the scheme appear genuine.

If Mrs T had received such a warning from Revolut after her first two attempted payments were declined, I think she would have recognised many of these common features of an investment scam in her own situation and it would have resonated with her. The history of her chat with the scammer appears to show that as the scam unfolded, Mrs T was very much under his spell. But payment 1 occurred at a very early stage and before the level of trust that later emerged had time to become unshakeable. On balance, if Revolut had provided an appropriate tailored warning at the point of payment 1, I think it's likely her eyes would have been opened to the scam and she'd have decided not to go ahead with the payment.

I think it follows that if the scam had been uncovered before the first payment, the subsequent payments would also have been prevented.

What about the actions of Mrs T's bank?

This was a multi-stage fraud that saw Mrs T move money from her bank to Revolut and then eventually onto 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 obtained an understanding of *whether it attempted any kind of intervention before transferring Mrs T's money to Revolut.*

As far as the bank was concerned, Mrs T was transferring money to an account in her own name with Revolut and it didn't know the money was going to cryptocurrency. It's confirmed that it didn't intervene in the process until it spoke to her over the telephone before concluding the transfer that funded payments 7 and 8. But by this time, it appears Mrs T's trust in the scam had grown to the point where any warning she received was much less likely to be effective.

So, there was no intervention by Mrs T's bank around the time of payment 1 that should have alerted her to the fact she was speaking to a scammer or that changes my view 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 Mrs T's loss?

I have taken into account that Mrs T 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, made further enquiries about payment 1 and ultimately prevented her loss from that point. While I have considered all of the facts of the case, including the role of other financial institutions involved, I think Revolut can fairly be held responsible for any loss in these circumstances.

Should Mrs T bear any responsibility for her losses?

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

In particular, the evidence provided indicates the returns Mrs T was being told the returns her investments were achieving were extremely high and it's my view that she should reasonably have questioned whether this was too good to be true. In the circumstances, I think she ought to have proceeded only with great caution. If she'd carried out any further research, for example online searches, I think she'd have quickly 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 Mrs T's losses once it was aware the payments were the result of fraud.

I understand Mrs T first notified Revolut of the fraud in February 2024, several months 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 in respect of the card payments, Mrs T paid genuine cryptocurrency exchanges, meaning a chargeback claim wouldn't have succeeded, and the normal timeframe for making a claim had passed in any event. So I don't think anything that Revolut could have done differently would likely to have led to those payments being recovered successfully.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mrs T and I'm proposing to uphold this complaint. If it had responded properly to the information it had prior to the first payment and provided an appropriate tailored warning, I'm satisfied the losses from the above payments would have been prevented.

The responses to my provisional decision

Mrs T's representative confirmed her acceptance of my provisional decision. Revolut said it had nothing further to add.

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 has made any further submissions, my findings haven't changed from those I set out previously.

Putting things right

The principal aim of any award I make must be to return Mrs T 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 Mrs T would have retained the money that was lost from payments 1 to 8. As outlined, I've applied a 50% deduction to the amounts to be refunded in recognition of Mrs T's own contribution to the loss.

To put things right, Revolut should pay Mrs T compensation of A + B, where:

- A = a refund of 50% of each of payments 1 to 8 above; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

In respect of payment 1, the loss was reduced by the £81.08 returned to Mrs T. So in A, Revolut would need to refund 50% of the loss from payment 1, that loss being £418.92 (£500 - £81.08).

Interest is intended to compensate Mrs T 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 Mrs T 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 Mrs T'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 Mrs T to accept or reject my decision before 20 August 2025.

James Biles
Ombudsman