

The complaint

Mr B is being represented by a member of his family. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud. To keep things simpler, I'll refer to all submissions from Mr B and his representative as if they came from Mr B himself.

What happened

Sadly, Mr B fell victim to a cruel investment scam. After responding to an advert on social media, he was contacted by scammers who persuaded him to 'invest' £250 from another bank account in their scheme. The scammers kept in regular contact and based on what he was being told about the growth his money was achieving, Mr B was persuaded to make further payments. He was also advised to set up a new account with Revolut that was used to fund the following transfers to the scam:

No.	Date	Amount £
1	7 Dec 2023	1,000
2	8 Jan 2024	20,000
3	8 Feb 2024	15,000

The first two payments were to overseas companies. The third went to a third-party payment processor that provides payment services for various companies.

My provisional decision

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

Before going any further, there are some points to be made that provide context for this complaint and the decision I'm proposing to reach.

- *Mr B has explained that he had serious eyesight problems at the time of the payments and he's provided evidence of this. He says these issues meant he'd been off work for some time and had been required to surrender his driving licence.*

Mr B says his eyesight problems meant he couldn't read smaller print or complete forms without assistance. Because of this, he says he agreed to download remote access software to his device so the scammers could 'help' him, including to set up accounts with the fake investment platform and Revolut. Mr B also says the scammers took over when he was contacted by Revolut's agents via the in-app chat function to discuss the payments and he wasn't aware of what was being said.

- *Payment 2 was funded by a loan for £20,000 that Mr B says was taken out by the scammers without his knowledge. He's made a separate complaint against the lender about its decision to grant him a loan. I've considered both cases together and my provisional decision on the case against the lender is that it should write*

off the money owed. This means there would be no compensation for Revolut to pay in respect of payment 2 whatever my conclusions on this case.

It is possible that the lender may raise further points in response to my provisional decision that change my view on the outcome of that case and it may be necessary for me to amend my decision on the redress to settle this complaint if that happens.

Turning to the above payments, there's no dispute that Mr B authorised them. 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 Mr B.

Should Revolut have recognised that Mr B was at risk of financial harm from fraud?

One of the key features of a Revolut account is that it facilitates payments that sometimes involve large amounts and/or to overseas beneficiaries and I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious. Finally, I need to consider Revolut's responsibility to make payments promptly.

When it received Mr B's instruction to make payment 1, Revolut has confirmed it asked about the reason for it. And when he said he was investing, it showed him a series of warnings setting out some common features of investment scams. The amount of the

payment was relatively low and, in view of the risks it presented, I'm satisfied this was a proportionate and appropriate response.

Payment 2, however, was for a much larger amount and Revolut seems to have identified risks associated with the payment that prompted it to intervene in the process again.

What did Revolut do to warn Mr B about payment 2?

As noted above, Mr B has said that there were times when the scammers took control of his interactions with Revolut as he was struggling to follow what was happening due to his sight difficulties. I haven't been able to establish exactly which interactions this applies to or what parts of those interactions. So to keep things simple, I will refer to each interaction as if it was with Mr B himself while keeping in mind that it could have been the scammers acting on his behalf.

Mr B was asked a number of questions in the app and these weren't answered accurately. In particular, he said he was buying goods and services rather than making an investment, that he'd met the person selling the item and had seen it in person. He also said that he hadn't been told to download any software and wasn't being assisted with his answers.

Based on these answers, Revolut showed a series of warnings relating to purchase scams. But it also required Mr B to speak to an agent using the in-app live chat function. I've read the transcript of this conversation carefully.

When the agent asked Mr B about the reason for the payment, he said he was making it 'for IT and telecommunication services'. The agent then said:

Checking my resources here, seems like the beneficiary of your transaction is connected with investment. Can you kindly clarify?

To which Mr B responded:

Yes I think that is right, just trying to get my life back on track.

The agent then said:

Just so I'm sure I understand – earlier you mentioned the payment was made with the purpose of buy rent good or services, but you've also said now on chat that this is for investment. Would you mind clarifying for me?

Mr B replied:

I've been investing in [two peer-to-peer lending schemes] in the past and now trying to invest in IT services.

The agent then asked Mr B to confirm if he'd been asked to install software, to which he replied he hadn't, and if he'd researched the company, to which he replied:

Yes I have researched them well

Next, the agent said:

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. Are you comfortable with proceeding with this transaction?

To which Mr B replied he was and the chat was then closed and the payment allowed to go through.

What kind of warning should Revolut have provided?

In respect of the warnings given during this intervention, my first concern is that the agent does seem to have established Mr B was making an investment of some type but I don't think their final comments can reasonably be seen as a tailored warning about investment scams that was consistent with the risks associated with such a large payment. There are many features common to investment scams, including those displayed on Revolut's normal warning screens about this type of scam that weren't shown on this occasion, that should have been highlighted in an effective warning but simply weren't covered.

It's not clear whether this interaction was actually with Mr B or the scammers. But I note Revolut has said its app can detect the use of remote access software in some parts of the payment journey, although it's not clear whether this ability extends to the live chat function. If remote access software was being used and Revolut could detect that, I think it should have been particularly concerned about what might be going on. But even if the agent could be certain nobody else had control of Mr B's device, I think there were several concerning gaps and inconsistencies in his answers that should have been probed further.

The agent did identify the beneficiary of the payment was involved in investments and raised this with Mr B as it wasn't consistent with his earlier answers. But his response suggests he wasn't really sure about this, saying 'I think that's right', and I don't think this should have given the agent any real comfort. I'm also not clear about what 'investing in IT services' really means and I think Mr B should have been asked to explain what he thought he was actually investing in. Similarly when asked if he'd researched the company he was dealing with, the answer was that he'd 'researched them well'. Again, I don't think it's clear what this means and I think the agent should have asked further questions about what research he'd actually carried out.

Mr B was making a very large payment and in view of the inconsistencies in his answers in the chat and his apparent uncertainty about what he was doing, I think the agent should have done a lot more to establish what was really going on so an effective warning could be provided. In addition to asking more about the nature of the investment he was making and the research he'd carried out, the agent could also have asked, for example, the name of the company he was dealing with, how he'd discovered the investment opportunity, and the sort of returns he was expecting.

The fact Mr B hadn't satisfactorily explained what the payment was for could also have indicated that someone else was guiding him. And this should have been particularly apparent if remote access software was being used and Revolut could indeed detect this.

Having thought carefully about the risks this payment presented, I believe a proportionate response and the most effective way to clear up these inconsistencies, along with ensuring the influence of anyone who might have been guiding Mr B was removed, would have been for one of Revolut's agents to contact him by telephone. Our

investigator did speak to Mr B and it seems clear he didn't really understand what he was investing in and I think an appropriately skilled agent would also have reached that conclusion. If it was the case that the scammer had been controlling the chat, I think this could also have been discovered as Mr B says he thought the scammers were helping him with his eyesight difficulties by taking control of his device.

With these points in mind, I think Revolut should have been able to establish there was a strong likelihood Mr B was likely falling victim to an investment scam. That could then have been explained to him along with a much more detailed description of how many investment scams work. If that had happened, I think it's likely Mr B would have recognised many aspects of his own situation were consistent with that description and it would have resonated with him. On balance, I find the most likely outcome is that Mr B's eyes would have been opened to the scam and he'd have opted not to continue with the payment.

I think it follows that if the scam had been uncovered at the point of payment 2, payment 3 would also have been prevented.

What about the actions of Mr B's bank?

This was a multi-stage fraud that saw money moved from Mr B's bank to Revolut and then 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 he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted his bank to establish if it attempted any kind of intervention before transferring his money and it confirmed that it didn't. It also said it's received no complaint about these events.

So I think it's clear there was no intervention by Mr B's bank that should particularly have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances with which he was faced.

Is it fair and reasonable for Revolut to be held responsible for Mr B's loss?

It's not clear whether or not Mr B did control any of the accounts his money was moved to on leaving Revolut. But even if he did remain in control and it wasn't lost until he took further steps, Revolut should still have recognised he was at risk of financial harm from fraud, made further enquiries about payment 2 and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for any loss in these circumstances.

In respect of payment 2, I have considered the role of the lender who provided the loan to fund payment 2 in a separate provisional decision on that complaint. In respect of payment 3, I've also considered the role of other financial institutions involved but Mr B has chosen not to pursue a complaint about any other firm and I can't compel him to do so. Further, I don't think it would be fair to reduce his compensation because he's only complained about one firm as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I haven't referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I don't intend to comment on it. I note Revolut says it hasn't asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it's asking me to consider all of the facts of the case before me

when considering what's fair and reasonable, including the role of all the other financial institutions involved. I'm satisfied that's what I've done.

Should Mr B bear any responsibility for his losses?

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances. While I accept Mr B believed he was making payments in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

In normal circumstances, I would say that it was particularly unwise for Mr B to install software that allowed the scammers to take control of his device and it's clear that this action facilitated at least some of the key steps of the scam. But in view of his severe sight problems and the additional assistance he needed as a result, I think his actions become much more understandable.

This aside, Mr B has also said that he was promised returns in the order of £3,000 per month. These returns are extremely high compared to the amount he was investing and I think he should reasonably have questioned whether this was too good to be true. In the circumstances, I think he ought to have proceeded with caution. If he'd carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with investment fraud.

I have noted Mr B's comments on this issue in response to the investigator's assessment. But, on balance, I also 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 Mr B's losses once it was aware that the payments the result of fraud.

I understand Mr B didn't notify Revolut of the fraud until around two weeks 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 it's not a surprise that Revolut's attempts to get his money back weren't successful. In the circumstances, I don't think anything that Revolut could have done differently would likely have led to these payments being recovered.

In conclusion

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr B and I'm proposing to uphold this complaint in part. While I don't think it acted incorrectly in processing payment 1 in line with his instructions, if it had carried out an appropriate intervention before payment 2 debited his account, I'm satisfied payments 2 and 3 would have been prevented.

The responses to my provisional decision

Mr B accepted my provisional decision. Revolut confirmed it had nothing 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 Mr B to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he 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 Mr B would have retained the money that was lost from payments 2 and 3.

As outlined above, I'm not proposing to make any award in respect of payment 2 as it's my current view that this should be addressed by the lender who provided the associated loan. And in respect of payment 3, I've applied a 50% deduction to the amount to be refunded in recognition of Mr B's own contribution towards the loss.

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

- A = a refund of 50% of payment 3; and
- B = simple interest on the amount being refunded in A at 8% per year from the date of the payment to the date compensation is paid.

Interest is intended to compensate Mr B for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr B with a certificate showing how much tax has been deducted if he 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 partly uphold this complaint. Subject to Mr B'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 Mr B to accept or reject my decision before 18 September 2025.

James Biles
Ombudsman