

The complaint

Mr B complains that Revolut declined to refund him £2,000 which he lost as a result of a scam. He is also unhappy that Revolut registered a Cifas marker against his name without due cause.

What happened

The circumstances of this complaint are well-known to both parties, so I will not go into every detail of what happened here. But, in summary, around January 2024 Mr B found an investment opportunity and made an initial payment of £499 from an account he held with his bank. He was then persuaded to open an account with Revolut and send a further payment of £2,000 to invest through this account. Unfortunately, Mr B said he later realised he had fallen victim to an elaborate scam and so he had lost these funds.

Mr B explained he first heard about the 'investment opportunity' online and then entered his details for someone to contact him. He received a call purporting to be from an investment company. They had an online site that he said looked very professional. He was given access to what he was told was the trading platform and given an allocated broker. He said he received education on a trading system and was told that his initial investment had increased by around 25-30%. Mr B said they then asked him to set up an account with Revolut to increase his investment and increase his profits. They persuaded him to send £2,000 from his bank account to his Revolut account and on to a cryptocurrency exchange. Mr B said that they helped him move the money from his bank to his Revolut account, then set up an account with the cryptocurrency exchange and buy cryptocurrency. When he later tried to withdraw his returns, he was unable to, and it was at this point he realised he had fallen victim to a scam.

Mr B initially reported the scam to his bank, where the £2,000 had originated from. They reported the matter to Revolut, and Mr B said he did not hear anything from them initially until he received a notification that his Revolut account was being closed. Mr B later discovered that Revolut had registered him with Cifas for 'misuse of facility' relating to funds that he had received into his account. Mr B said they then reversed their decision to close his account. Revolut also removed the marker. Mr B said he only discovered the Cifas marker when another he applied for an account with another financial business, and it was declined. Mr B said the decision to register him with Cifas, when he was a victim of a scam, has caused him further distress, sleepless nights and worry whilst on the long road to recovery. He said he also couldn't access his online accounts with another business for several days.

Mr B complained to Revolut, who looked into what happened. They declined to refund Mr B's losses. In summary, they said that they fulfilled their duties to him in processing the payment, providing sufficient scam warnings and doing all they could to recover the funds. They said that they had acted on the information they had at the time to take the decision to register Mr B with Cifas and close his account. When they understood Mr B had been the victim of a scam, they stopped the account closure process and removed the Cifas loading. They did not accept that they had acted incorrectly in this either.

Unhappy with their response, Mr B escalated his concerns to our service where one of our investigators looked into what had happened. They did not recommend that Revolut refund Mr B's money lost to the scam. This was because they did not think that there was anything to alert Revolut that Mr B was falling victim to a scam at the time of the transaction. They said there did not appear to be any FCA warnings about the cryptocurrency platform until after the payment. They also said that Revolut would not have known that Mr B was vulnerable at the time. Regarding the Cifas marker, they recommended that Revolut did not have enough evidence to have registered him with Cifas. Whilst the Cifas marker had since been removed, they recommended a payment of £200 for the trouble and upset the marker caused Mr B whilst it was registered against him.

Mr B remained dissatisfied. He said he still felt that Revolut had not done enough to protect him and given that he thought scammers were using Revolut, they should have seen a trend and called customers as a matter of course rather than asking them to answer questions on the app. He felt that the Cifas marker was a major breach of protocol which could make cause serious psychological harm to customers when registered incorrectly. He felt the marker damaged his reputation and upset him deeply whilst he was already unwell. So, he thought at least £500 compensation would be fair and reasonable.

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.

I'd like to start by saying that I do believe that Mr B was the victim of a callous and cruel scam. I was so sad to read of what he was put through, particularly at a time where he was already going through medical difficulties. I can tell from the evidence we have, and the conversations Mr B has had with our service that this has had a profound impact on him. So, I'd like to start by offering my sympathies for what he has been put through.

Should Revolut reimburse Mr B the money he lost to the scammers?

My role here is to assess Revolut's actions against what they should have done – and having done so I don't think it would be fair and reasonable for me to hold Revolut liable for Mr B's losses to the scammers. I do appreciate how disappointing this will be for Mr B, but I don't think I can fairly say that Revolut should reimburse his account with the money that was unfortunately lost to the scammer. I'll explain why.

In general terms, an Electronic Money Institution (EMI) like Revolut is expected to process payments that a customer asks it to make, in accordance with the Payment Service Regulations (in this case the 2017 regulations) and the terms and conditions of their account.

In this case, whilst Mr B said that he was helped in making the payment and tricked into believing it was going to a legitimate investment, there is no dispute that he intended for the payment to be made and completed the necessary steps for Revolut to be entitled to consider the payment as authorised. So, the starting position is that Revolut isn't liable for the transaction.

There are, however, some situations where we believe that businesses, taking into account relevant rules, codes and best practice standards, shouldn't have taken their customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Revolut also has a duty to exercise reasonable skill and care, pay due regard to the interest of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr B.

Revolut's systems did seem to identify that the payment presented some risk, which they have indicated was due to the fact it was a new payee. As such, it does not appear to be in dispute that the payment presented some risk, and so I have not made a finding on this question. So, I need to assess whether I think that their response was proportionate in the circumstances.

After Revolut's systems flagged the payment, they held the payment and provided a written warning which said "*Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back*". The technical records show this was acknowledged.

Mr B was then given warnings and asked to answer some questions. He selected that he was paying an account in his own name, which informed Revolut's warning screen choices. This included a series of screens which required confirmation of reading to proceed. These screens said, or Mr B acknowledged that, in summary:

- that scammers may ask you to conceal the real reason for your payment;
- that he was not being assisted with the questions;
- that he was making the payment to an account he held in his own name for checking or savings purposes; that he did not install any software;
- that it was an existing account;
- that he was not told that his account was 'unsafe';
- that he could be falling victim to an impersonation scam;
- to be wary of unexpected calls, not to give anyone remote access to his account;
- that financial institutions wouldn't tell you an account was unsafe;
- you should not transfer to accounts you didn't open yourself; and
- not to ever ignore the warnings Revolut were giving.

Mr B said he had no recollection of seeing the warning and that regardless, he did not think he was falling victim to a scam so it would not appear the warning would be relevant. He thought that the company had been red flagged to Revolut as being a scam. He thought a more proportionate reaction from Revolut would have been to speak to him directly rather than getting him to answer a questionnaire. He said it was not reasonable to expect him to be able to protect himself from the scam.

Having considered everything, I do think this was a proportionate response to the risk level Revolut identified. I say this because:

- This was a singular payment made from a new account. This means there was no account history to compare the payment to, and there was no suspicious pattern of payments that may have given Revolut cause for concern.
- During the account set up, Mr B selected numerous reasons for why he was opening the account which included 'crypto' and 'transfers'. So, the payment made was in

line with the reasons he gave at the time of the account being opened.

- Whilst £2,000 is not an inconsequential sum of money, it was not such a large sum of money that in and of itself this should have alerted Revolut to the risk Mr B was falling victim to a scam. Payments of this size are not uncommon, and businesses do have to balance protecting customers with providing unnecessary friction in payment journeys.
- I have seen nothing to suggest there was a warning about the company he sent the money to at the time of the scam.
- Revolut would not have been aware that Mr B was vulnerable at the time of the scam.

I've taken into account that these payments were made to a cryptocurrency provider and I'm aware that scams involving cryptocurrency are becoming increasingly prevalent and well-known to banks. But, at the time these payments were made, I think it was reasonable for Revolut to take into account a range of factors when deciding whether to make further enquiries of its customer about a particular payment. In this case, the singular payment wasn't consistent with fraud and the value did not, in my view, indicate a heightened risk of financial harm. So, in this case, I think the bank was right not to view the payments with heightened suspicion, and the bank's written warning was a proportionate response to the risk the payments presented.

Based on the circumstances of the transaction, as I've explained above, I'm persuaded that the action Revolut took at the time was proportionate to the risk associated with the payment. I wouldn't have expected it to have intervened further in these circumstances. So, I can't say Revolut was at fault for processing the payment in accordance with Mr B's instructions. And so, it follows that I think it was fair and reasonable for Revolut to decline to refund Mr B's losses here.

Did Revolut act fairly with regard to the Cifas marker?

Whilst Revolut have now removed Mr B's Cifas marker, I must decide whether it acted fairly and reasonably by loading it in the first place.

The type of Cifas marker that Revolut asked Cifas to apply here is for 'misuse of facility' – relating to the account being used to receive and send on fraudulent funds. In order to file such a marker, Revolut are not required to prove beyond reasonable doubt that Mr B is guilty of fraud or financial crime, but they must show that there are grounds for more than mere suspicion or concern that such an offence took place. Cifas guidance says:

- *“There must be reasonable grounds to believe that an identified fraud or financial crime has been committed or attempted; [and]*
- *The evidence must be clear, relevant and rigorous.”*

So, the relevant findings for me to make are whether I believe there is sufficient evidence to conclude that on balance the money sent to Mr B was sent as a result of fraud, and that he was deliberately dishonest in relation to this, such that Revolut fairly and reasonably escalated their concerns to Cifas. In this case, I agree with our investigator that there were not sufficient ground to register a Cifas marker against Mr B. I'll explain why.

Cifas's own guidance on money mule accounts says that members must contact their customers, or attempt to, in order to better understand what has happened. I understand from Revolut's notes that this wasn't done because their member of staff did not work the appropriate hours to contact Mr B, and so they made the assessment on the facts that they had before them. This largely seems to relate to the movement of money into the new account, which then went onto an account in Mr B's own name which is a pattern associated

with money mule activity sometimes. I can understand that this did look suspicious, but mere suspicion or concern are not enough to load Mr B with Cifas. The evidence must be clear, relevant and rigorous – which I find it was not here. It is clear that if they had contacted Mr B, he would have told them he had fallen victim to a scam and they would not have referred his details to Cifas. So, I think Revolut acted unfairly here.

So, the remaining finding I must make it whether I agree with our investigator's recommendation that £200 represents a fair and reasonable amount of money for Mr B in light of the distress and inconvenience caused by Revolut's error relating to the Cifas marker.

I was saddened to read of the impact the Cifas marker had on Mr B. I shall describe this in summary form. The Cifas marker remained registered against Mr B's name for approximately three months, although Mr B was not aware of it for the entirety of this time. Mr B was the victim of a scam and was going through personal health issues at the time, too. Mr B has described the distress and anxiety the discovery of the Cifas marker caused him, at a time when he was already going through a lot in his own life. Mr B felt his reputation had been damaged with other financial institutions. He had an account application rejected and was unable to access some of his accounts for a few days with another business. I can understand that the Cifas marker did cause distress and the inconvenience of having an account application rejected and several days where he was unable to access another account. But, my role is not to punish Revolut here. And whilst no financial sum can undo the distress Mr B felt, I do think our investigator's recommendation of £200 was fair and reasonable in the circumstances of this complaint.

Putting things right

In order to put things right, Revolut should pay Mr B £200 in recognition of the distress and inconvenience caused by registering the Cifas marker against him.

My final decision

I uphold this complaint in part, and require Revolut Ltd pay Mr B £200 in recognition of the distress and inconvenience caused by registering the Cifas marker incorrectly against him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 September 2025.

Katherine Jones
Ombudsman