

The complaint

Mr D complains that Revolut Ltd ('Revolut') hasn't refunded the money he lost to an investment scam.

Mr D referred his complaint to this service with the help of a professional representative. However, for ease of reading, I'll refer only to Mr D throughout my decision.

What happened

The circumstances of the complaint are well-known to both parties. So, I won't repeat these in detail here. However, I'll provide a brief summary of what's happened.

In August 2023, Mr D began speaking to a third party on an instant messaging service. The third party told Mr D about a risk-free investment opportunity they were involved in. They told Mr D they would teach him how he could profit from the investment scheme too.

Mr D was told to create an account with an online platform, through which he could bid on digital art being auctioned for sale on the platform. The purpose of bidding on the art was to increase its value, not to buy and own it. In exchange for bidding on the art and increasing its value, Mr D would receive commission, when the art was sold for a higher value.

To top up his account with the online platform, Mr D had to buy cryptocurrency and send this from his digital wallet to the platform. Increasing the amount of cryptocurrency held on the platform allowed him to bid on higher value items, resulting in a higher commission.

After making a successful cryptocurrency purchase using another of Mr D's banking providers, he ran into difficulties making further purchases. So, in September 2023, Mr D opened an account with Revolut to enable him to make further cryptocurrency purchases.

Under the instructions of the third party, he sent funds from his Revolut account to purchase cryptocurrency, which he sent to the platform, believing he was topping up his own account. In reality, Mr D's cryptocurrency was stolen, resulting in a substantial loss to him.

After realising he'd fallen victim to a scam, Mr D complained to Revolut and asked for a refund of his loss. Revolut declined the complaint and refused to reimburse Mr D. It said the payments were all properly authorised and processed in accordance with the terms and conditions of Mr D's account. It also explained that it had provided Mr D with warnings when the payments were made. Revolut attempted to recover Mr D's funds, but this wasn't successful.

Unhappy with Revolut's response, Mr D referred his complaint to this service. Our Investigator considered the complaint but didn't uphold it. In summary, they said Revolut couldn't reasonably have been expected to prevent Mr D's loss. They thought Revolut's responses to the risks demonstrated by the payments was proportionate and even if Revolut's intervention had been better, it was unlikely to have prevented Mr D going ahead with the payments as he was determined to make them.

Mr D didn't agree with our Investigator. He argued that Revolut's intervention wasn't proportionate and that more appropriate questioning at the time the payments were made would've likely uncovered multiple warning signs that Mr D was falling victim to a scam, which could've prevented his loss.

Our Investigator pointed out that Mr D hadn't been accurate with his answers when Revolut questioned him. He'd been given advice from the scammer about how to answer questions and, as Mr D appeared to consider he was romantically involved with the scammer, it was likely he wouldn't have been open and honest with Revolut about the true purpose of the payments he was making.

Mr D still didn't agree with our Investigator. He argued that firms, like Revolut, know scam victims are given cover stories and that a customer's answers shouldn't be taken at face value. Mr D again pointed out that he believed proportionate intervention would've highlighted multiple warning signs that he was likely falling victim to a scam, which could've prevented his loss.

Our Investigator wasn't persuaded to change their opinion. They felt that Mr D was insistent on making the scam payments and was being heavily coached by the scammer about how to move his money, which would've prevented the scam being identified and the loss being prevented.

Mr D remained of the opinion that Revolut reasonably could've broken the scammer's spell through proportionate intervention. As an agreement couldn't be reached, the complaint has been passed to me to decide.

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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations, regulators' rules, guidance and standards, 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.

Here, it's not in dispute that Mr D made the scam payments from his Revolut account. So, the payments were authorised and under the Payment Services Regulations, the starting position here is that Mr D is responsible for the payments (and the subsequent loss) despite the payments being made as a result of a scam.

However, that isn't the end of the story. Good industry practice required Revolut to 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 warn the customer about the risks of proceeding. So, I've thought about whether the scam payments demonstrated a risk of financial harm to Revolut at the time Mr D made them.

Revolut has argued that Mr D opened his account for the purpose of making the scam payments. As a result, Revolut didn't have any previous transactions to compare the scam payments to. However, Revolut did have some information available to it, which would've allowed it to assess the risks involved in the transactions Mr D was making. So, I'm not persuaded Revolut couldn't have identified that Mr D was falling victim to a scam because the account was brand-new.

The first scam payment was for £10,000. Mr D was shown a 'new payee' scam warning, but the information in that warning didn't apply to Mr D's circumstances at the time. Revolut found the payment to be suspicious and so Mr D was required to answer some questions so Revolut could assess the risk of the payment.

Mr D said he was making the payment as part of an investment into "*foreign exchange, commodities, stock or bonds*". Mr D was then invited to an in-app chat with Revolut, where Revolut advised the payment had been paused to protect Mr D from a potential scam and that there was a high risk his money could be lost. Mr D was advised to do his own research into the investment and given some generic investment scam advice.

Mr D was warned again that Revolut considered there was a strong chance he was falling victim to an investment scam. Mr D then confirmed he wanted to go ahead with the payment. Before the payment was processed, Mr D had to sign a disclaimer which confirmed he'd been warned the payment he was making was suspicious and he understood he was at risk of losing his money.

I've thought about whether this intervention was proportionate in the circumstances and I'm not persuaded it was. Mr D wasn't asked to explain what he was investing in, how he'd come across the investment opportunity or what independent research he'd carried out. Also, the warnings he was given weren't specific and didn't bring to life how investment scams work in practice.

So, based on the evidence available, I'm not persuaded Mr D reasonably ought to have understood why the payment was deemed to be suspicious or provided with any information that might help him identify that his circumstances bore a resemblance to the common hallmarks of an investment scam.

I would expect a firm like Revolut to sufficiently question a customer about a suspicious transaction. I agree with Mr D that in the circumstances of the first scam payment Revolut could've done more to verify it was being made for a genuine reason. However, I'm not as persuaded as I'd need to be that better questioning from Revolut would've identified the scam or stopped Mr D from going ahead with the payment. I'll explain why.

At the time of the first scam payment from Mr D's Revolut account, Mr D had been communicating with the scammer for over a month. The scammer had told Mr D stories about how they had been trained in investments by someone who'd become a billionaire, and the scammer was reportedly making over \$10,000 per day through the same risk-free investment opportunity Mr D was persuaded to invest in.

Mr D appeared cautious at first but agreed for the scammer to show him how the investment opportunity was supposed to work. After which, the messages Mr D exchanged with the scammer started to become flirtatious/romantic, with the scammer showing an interest in Mr D personally, along with his family, with the scammer carefully building a relationship of trust.

The scammer also sent a small amount of cryptocurrency to Mr D's digital wallet to help open his account with the investment platform to begin bidding on digital art, encouraging Mr D to top up his digital wallet with money from an account he held with another banking provider to increase the commission he was able to earn, which provided him with an immediate return. Over the next few days, Mr D went on to bid on new items on the platform, which he received commission for, leading him to believe that he was successful in making a profit.

The scammer was in almost daily contact with Mr D, exchanging flirtatious and romantic messages, as well as advice and instructions on how to benefit more from the investment. Mr D was then encouraged to deposit more funds into the investment platform. The scammer warned Mr D that if his bank called him to question the payment, he was to say the payment was a normal payment.

Mr D wasn't able to complete the payment and his funds were returned. Mr D tried again to purchase cryptocurrency and received step-by-step instructions from the scammer on how to do this. However, this purchase was also unsuccessful as Mr D was told he'd reached his daily limit on cryptocurrency transactions.

Mr D said he would try to speak with his bank to increase his cryptocurrency limit and the scammer advised *"all you have to do is tell him that you think the value of BTC is going to go up, you don't have to tell him who told you to make the investment"*. Mr D explained that the bank had asked questions and warned him about scammers.

Mr D also said *"I am aware that the banks are becoming increasingly controlling. Things are certainly changing in the world I know"*. Mr D made a further remark about his bank restricting payments to cryptocurrency, which was: *"In the name of safety, (control more like)"*. The scammer responded to say that banks prefer customers keeping their money in the bank so they can use it for their own investment purposes.

At this time, Mr D suggested opening a Revolut account, which would give him more freedom to purchase cryptocurrency. Mr D went on to open his Revolut account and deposited £15,000. He then attempted to make a £10,000 cryptocurrency purchase direct from a third party (and not from a cryptocurrency exchange). This practice is better known as a peer-to-peer cryptocurrency purchase. Mr D received step-by-step instructions from the scammer on how to do this.

Mr D encountered problems making the purchase, this time because of difficulties with the cryptocurrency exchange, at which point Mr D became frustrated that he wasn't able to complete the payment. Eventually, the transaction was completed and Mr D sent £10,000 to a new payee (the first scam payment from his Revolut account). The cryptocurrency was subsequently sent to the scammer from Mr D's digital wallet.

As discussed above, when Mr D made that £10,000 payment, Revolut did ask some questions and give some warnings, but these weren't proportionate in the circumstances. However, Mr D wasn't completely accurate with the answers he gave to Revolut. He'd been told by the scammer to hide the real reason for the payment (he said that he hadn't been asked to do this). He was purchasing cryptocurrency, but said the investment was in something else. He also said he'd researched the investment, which doesn't appear to be the case.

At the time, Mr D had become so frustrated with his other banking provider, about being unable to use his money as he wanted, that he had decided to open his Revolut account in order to make the payment. He was expressing opinions on financial institutions being controlling, which were supported by the scammer's own opinions. And the scammer, someone Mr D thought he was in a romantic relationship with and could trust, had told him not to give the real reason for the payment. So, it seems that further questioning from Revolut would've been unsuccessful in uncovering the real reason for the payment. As a result, I'm not persuaded Revolut reasonably could've prevented the first scam payment being made.

A few days later, the scammer suggested to Mr D that he make a withdrawal from the investment platform and those funds were paid into his Revolut account. I think this will have helped to persuade Mr D that the investment opportunity was real and the scammer could be trusted.

Between the first and second scam payments, Mr D attempted to make further cryptocurrency purchases, but these payments were rejected by Revolut because the beneficiaries weren't supported. This increased the frustration Mr D was feeling about the difficulties he was having in topping up his account with the investment platform. This resulted in Mr D suggesting to the scammer that he remove his funds from Revolut and try to use a different bank that was less restrictive.

The second scam payment was for £5,000 and was sent five days after the first scam payment and to the same beneficiary. Revolut did ask some questions about why Mr D was making the payment, but these were the same questions he was asked when he made the first scam payment and the answers he gave were also the same. This happened again when Mr D made the third scam payment for £6,000, also to the same beneficiary, two days later.

When the second and third scam payments were made, Revolut could've asked more open and probing questions. It could've also provided better investment scam warnings. However, given Mr D's frustrations about being prevented from sending money where he wanted; his belief that the investment opportunity was genuine and profitable; and his trust in the scammer and the romantic relationship he thought he was in, I'm not persuaded open questions and better investment scam warnings would've led to the scam being uncovered or Mr D deciding not to go ahead with the payments. It seems more likely than not that the scammer would've likely been able to persuade Mr D to continue regardless of any concerns that were raised.

Mr D was subsequently encouraged by the scammer to take out a personal loan to invest in the scam platform. He received multiple warnings from the scammer not to disclose the loan was for investment purposes or that he was intending to buy cryptocurrency with the funds. The loan was successful, and Mr D was able to move some of the funds to his Revolut account. When he tried to send the remainder of the funds, his bank stopped him from doing so, resulting in Mr D becoming further frustrated. The scammer told Mr D that this was because banks like to keep customers' money in their own accounts.

Revolut subsequently restricted Mr D's account and he had to speak to an advisor via the in-app chat. He explained that he wasn't using the account to buy cryptocurrency and that he had opened the account so his money wasn't kept in a single account and that he could benefit from cashback when making household purchases.

I appreciate he also disclosed he had purchased digital art, but I don't think he gave Revolut any information within those messages to suggest he was falling victim to a scam. So, Revolut removed the restrictions on his account, allowing three more scam payments to be made over the next few weeks.

The final scam payments for £839.84, £1,000 and £500 weren't so remarkable that I'd have expected Revolut to have reasonably thought Mr D was at risk of financial harm from fraud. I note that Revolut did ask some automated questions about the payments, but in the circumstances, I think that response was proportionate, and I wouldn't have expected Revolut to have gone further than this based on the answers Mr D gave in response.

In any event, Mr D had continued to express frustration about restrictions on moving his money; expressing doubts about why financial firms weren't allowing him to do what he wanted; looking for and opening accounts with other banking providers; given frequent advice on how to be less suspicious when moving his money; and step-by-step instructions on what to do. This suggests to me that Mr D was insistent on making the scam payments and that he was determined to move his money to the scam platform.

So, in the circumstances, it seems highly unlikely that any intervention from Revolut would've prevented Mr D going ahead with the scam payments, such was his belief in the genuineness and profitability of the scam.

Mr D has explained that all six scam payments were peer-to-peer cryptocurrency purchases. There's been no suggestion he didn't receive the cryptocurrency into his digital wallet. As such, I don't think Revolut had an opportunity to recover Mr D's funds from the beneficiaries as he received what he paid for from them.

In the circumstances, I don't think Revolut reasonably could've prevented Mr D's loss or done anything to recover his funds. As a result, I don't think Revolut should be held responsible for refunding him.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 November 2025.

Liam Davies
Ombudsman