DRN-5799218

The complaint

Mr R is being represented by a claims manager. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr R fell victim to a cruel investment scam. After responding to an advert on social media, he was contacted by scammers who encouraged him to 'invest'. He says he was asked to install remote access software so the scammers could help him set up an account on a fake website that appeared to show trades being placed and profits generated on his behalf. He says he realised it was a scam when he was asked to pay fees to withdraw money.

Between 27 April and 14 May 2024, Mr R used his newly-opened Revolut account to make the following sets of transfers, which amounted to a total of over 300 individual payments with a combined value of over £60,000, to the accounts of companies and individuals (for peer-to-peer cryptocurrency purchases):

Set no.	Date	No. of transfers	Payee
1	27 Apr	11	Company
2	30 Apr	11	Individual 1
3	7 May	26	Individual 2
4	7 May	42	Individual 3
5	7 May	25	Individual 4
6	9 May	26	Individual 5
7	9 May	24	Individual 6
8	9 May	22	Individual 3
9	9 May	25	Individual 5
10	9 May	26	Individual 7
11	9 May	6	Individual 8
12	14 May	22	Individual 9
13	14 May	16	Individual 10
14	14 May	30	Individual 11
15	14 May	12	Individual 12

Each individual payment was low in value, with none exceeding £200.

The Revolut account history appears to show Mr R received returns from the scheme of £198.39 on 22 April, which I understand relates to an initial payment before he started using the Revolut account, and £1,988 on 29 April, which came from the company he paid in set 1. After the scam was reported, Revolut was also able to recover some money in connection with sets 2, 10 and 14 but the rest was lost..

Mr R took out two loans on 8 and 13 May to fund some of the payments to the scam. We've contacted both lenders for details and they've confirmed the amounts borrowed were repaid in full before any repayments became due. He says he was able to do this because he borrowed money from a member of his family who he's now repaying in monthly instalments.

Mr R also applied for a loan from his bank, which he received on 15 May, after he'd made the final payment to the scam. The bank has confirmed the money borrowed was returned in full on the same day.

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:

> *There's no dispute that Mr R authorised these 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 Mr R.*
>
> *Should Revolut have recognised that Mr R was at risk of financial harm from fraud?*
>
> *I must take into account that many similar payment instructions Revolut receives will be entirely legitimate and that it has a responsibility to make payments promptly. 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.*

Sets 1 and 2 were relatively low in value and, having considered what Revolut knew at the time, I'm not persuaded it ought to have been concerned and I can't reasonably say it was at fault for processing them in line with Mr R's instructions.

By 7 May, however, I think Revolut should have identified that the pattern of payments was very unusual and that Mr R was at risk of harm from fraud. In my view, this realisation should have occurred by the time of the 10th payment in set 4. This was the 10th payment to one person on the same day that followed a succession of 26 payments to another individual earlier that day. While the value of each individual payment was low and it's not clear Revolut would have known they were going to cryptocurrency or any other form of investment, the pattern of so many repeated payments in such a short space of time should have been a cause for concern.

What did Revolut do to warn Mr R?

Revolut has told us that it didn't identify any of the payments as suspicious, meaning it didn't ask Mr R about the reason for any of the payments or otherwise intervene in the payment process in any way.

What kind of warning should Revolut have provided?

It seems inconceivable to me that Revolut didn't identify the patten of so many payments in quick succession as suspicious at some point during the scam. But as I've said, I think it should have identified the fraud risk by the 10th payment in set 4.

Having thought carefully about the risk this payment presented, and in the context of what had gone before, I think a proportionate response to that risk would have been for Revolut to have made enquiries about the surrounding circumstances so it could establish the type of scam that might be taking place and provide relevant tailored warnings. In view of the sheer volume of payments and the high cumulative value, I think it should have done this by directing him to the in-app chat to discuss the payment further.

If Revolut had intervened as I've described, would that have prevented the losses Mr R suffered from payment 10 in set 4?

In reaching a conclusion on this issue, I have taken account of Mr R's interactions with his bank on 9 May when he was questioned about a transfer of nearly £10,000 to Revolut that went on to fund payments to the scam. During the call, he was asked about the reason for the payment and he said it was the final payment for a car he was buying. His bank was satisfied with this explanation and allowed the transfer to go through.

I'm also conscious Mr R told the three lenders he borrowed from that the loans were either for home improvements or the purchase of a car. I think it's worth noting that the list of options provided by each lender for him to select from didn't include that he was investing, but the conversation with his bank suggests he probably wouldn't have picked that option if it had been available.

Mr R's representative says he answered the questions he was asked in this way as guided by the scammer, who told him banks are resistant to cryptocurrency transactions and that he followed this advice because he thought they were assisting him to make the process easier.

With these points in mind, it seems likely that Mr R wouldn't have immediately disclosed he was investing if Revolut had asked him the reason for the payment. But at the same time, I don't think any cover story about paying for a car or home improvements would have stood up to scrutiny from an appropriately skilled agent. It would be very unusual to pay for either of these by making multiple small payments to a selection of different payees and I would have expected this explanation to be challenged if it was offered.

Revolut's agent could have explained they were asking questions to protect Mr R from potential scams, emphasised the importance of answering truthfully, and warned that only scammers would ask him to hide the real reason for the payment – all of which are normally covered when it does intervene in the payment process. As he believed he was making a genuine investment, I think there's a good chance he'd have opened up about what he was doing if he understood these points.

But even if Mr R didn't say he was investing, it's difficult to think of an explanation he could have provided that would have explained the highly unusual pattern of payments in the short period since his account was opened. And I've seen nothing in the history of his chats with the scammers that shows he was given a cover story that would have been convincing enough to satisfy robust enquiries.

With these points in mind, I think an appropriately skilled agent should ultimately have been able to identify there was a high chance Mr R was falling victim to a scam and explained this to him. And that the most likely type of scam to be taking place based on the pattern of payments was an investment scam. They could then have provided a relevant tailored warning covering some of the common features of investment scams, for example that fake investments are often advertised on social media and offer extremely high returns, that victims are often asked to install remote access software and set up with fake accounts on professional-looking platforms, required to purchase cryptocurrency and transfer it to a wallet they don't control, able to make withdrawals initially, encouraged to invest more and more money, and then told to pay fees and taxes when they want to take their money out.

If Mr R had received this kind of warning from one of Revolut's agents, I think it's likely he'd have recognised many of these features in his own situation and it would have resonated with him and opened his eyes to what was really going on. On balance, I think the most likely outcome is that he'd have opted not to continue with the payment.

If the scam had been stopped at the 10th payment in set 4, I think it follows that all later payments to the scam would also have been prevented.

What about the actions of Mr R's bank?

This was a multi-stage fraud that saw Mr R move money from his bank to Revolut and then eventually on to 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 the bank and established that the only intervention it carried out was the call I've already described that took place on 9 May. No other intervention was attempted and there's no record of Mr R being shown any warnings about investment scams.

On balance, I don't think there was any intervention by Mr R'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.*

What about the loans?

I understand Revolut's concerns about the loans taken out to fund this scam but it appears they were repaid in full and that Mr R had no benefit from them. The fact they were repaid also means it need have no concerns about paying compensation to another business.

I also note Revolut's concerns about the fact the loans were taken under false pretences and the level of influence this suggests the scammers had over his actions but I believe I've taken this into account in my analysis of whether an appropriate intervention by Revolut would have been effective.

Finally, there's no evidence the lenders were aware the money was borrowed for investment purposes and they have no record of any potential scam risk being identified or relevant scam warnings being given.

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

I have taken into account that Mr R remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised he was at risk of harm from fraud, made further enquiries about the above payment and ultimately prevented his loss from that point. I think Revolut can fairly be held responsible for any loss in these circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr R has chosen not to pursue a complaint about any other business and I can't compel him to do so. And I don't think it would be fair to reduce his compensation because he's only complained about one business, as I consider that Revolut should have prevented the loss.

Should Mr R 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 R believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

Mr R's representative has made reference to the sort of returns he was expecting from the scheme. For example, it's said that he was told his initial investment of around £2,000 had grown to over £20,000 in a very short space of time. The level of returns being discussed was extremely high and I think Mr R should reasonably have questioned whether this was too good to be true. In the circumstances, I think he ought to have proceeded with great 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. 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 Mr R's losses once it was aware the payments were the result of fraud.

Mr R didn't report the scam until 24 May, more than a week after the last payment. Revolut says it did try to get his money back from the receiving accounts but it's not a surprise that these attempts were mostly unsuccessful after this period of time.

In addition, these payments made legitimate purchases of cryptocurrency that was transferred to an account under Mr R's control until it was transferred to another account controlled by the scammers. In these circumstances, we wouldn't necessarily expect Revolut to be able to recover funds from (most likely) genuine sellers of cryptocurrency who weren't involved in the scam.

In the circumstances, I don't think anything that Revolut could reasonably 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 Mr R and I'm proposing to upholding this complaint in part. While I don't think it acted incorrectly in processing the payments up to and including the 9th payment in set 4, if it had carried out an appropriate intervention before the 10th payment in that set debited his account, I'm satisfied that payment and those made subsequently would have been prevented.

The responses to my provisional decision

Mr R's representative confirmed his acceptance of my provisional decision. Revolut 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 Mr R 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 R would have retained the money that was lost from the 10th payment in set 4 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of his own contribution towards the loss.

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

- A = a refund of 50% of the payments from payment 10 in set 4 onwards; 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.

As previously noted, Revolut did recover some money in connections with sets 10 and 14. To fairly take account of this money, it should deduct the amount recovered from the amount being refunded for the corresponding payments in those sets.

Interest is intended to compensate Mr R 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 R 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 R'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 R to accept or reject my decision before 3 October 2025.

James Biles
Ombudsman