

The complaint

Mrs B is being represented by a claims manager. She's complaining about Revolut Ltd because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Mrs B fell victim to a cruel investment scam. After responding to an online advert, she was contacted by a scammer who persuaded her to invest in a fake investment scheme. Mrs B says she was told to download remote access software so the scammer, who purported to be a financial expert, could help set her up with an account on a fake investment portal showing the results of trades allegedly being carried out on her behalf.

To fund payments to the scam, Mrs B opened a new account with Revolut and made the following payments to a cryptocurrency exchange between March and August 2023 that were lost to the scam:

No.	Date	Amount	Type	Notes
1	7 Mar	£3,000	Card	Refunded by bank
2	20 Mar	1,001.19 Euros	Card	
3	20 Mar	1,001.19 Euros	Card	
4	20 Mar	1,001.03 Euros	Card	
5	20 Mar	1,001.27 Euros	Card	
6	20 Mar	£851.60	Transfer	
7	21 Mar	2,503.04 Euros	Card	
8	21 Mar	1,336.77 Euros	Card	
9	21 Mar	568.09 Euros	Card	
10	21 Mar	227.21 Euros	Card	
11	21 Mar	399.96 Euros	Transfer	
12	31 Mar	4,550.63 Euros	Card	
13	4 Apr	2,285.46 Euros	Card	
14	4 Apr	3,171.85 Euros	Card	
15	7 Apr	£2,000	Card	Refunded by bank
16	7 Apr	£5,000	Card	Refunded by bank
17	7 Apr	3,802.99 Euros	Card	
18	8 Aug	£1,325	Card	
19	8 Aug	£1,322	Card	

Mrs B transferred money into her Revolut account to fund these payments from two banks, one in the UK and one overseas. Transfers from the UK bank funded payments 1, 15 and 16 and, following her complaint to us, it agreed to refund these amounts in full. Mrs B has told us no complaint has been made against the overseas bank that was used to transfer the rest of the money to Revolut.

Mrs B's Revolut account history also shows she received a credit of £265.52 from the cryptocurrency exchange on 23 March, which I've assumed was linked to the scam.

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 Mrs B 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 Mrs B.

Should Revolut have recognised that Mrs B 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. 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.

This notwithstanding, Revolut knew from the outset that these payments were going to a cryptocurrency exchange. 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 these payments took place, Revolut should have recognised that payments to cryptocurrency carried a higher risk of being associated with fraud.

Payment 1 was for a significant amount and, as far as Revolut could see, Mrs B had no track record of investing in cryptocurrency. Opening a new account and then

immediately making a large payment to cryptocurrency is consistent with many known types of scam and this is the point at which I think Revolut should have identified she may be at risk of harm from fraud.

What did Revolut do to warn Mrs B?

It's my understanding that Revolut didn't provide any warnings before payment 1 was processed.

The first point when Revolut intervened was when it received Mrs B's instruction for payment 6. It asked Mrs B to confirm the purpose of the payment. Rather than selecting that she was making an investment or purchasing cryptocurrency, she answered that she was making a 'transfer to a safe account'. Revolut then showed her a series of warning screens about safe account scams.

Revolut's next meaningful intervention came on 1 April when Mrs B spoke to one of its agents via the in-app chat. she explained that she was moving money to her cryptocurrency account but, in answer to Revolut's questions, she said nobody was guiding her and she wasn't investing with someone she didn't know or had met online recently. We now know these answers weren't correct. Following this conversation, it appears Revolut was satisfied with the situation and no further warnings were shown.

What kind of warning should Revolut have provided prior to payment 1?

Having carefully considered the risks presented by payment 1, I think a proportionate response would have been for Revolut to have asked Mrs B to confirm the purpose of the payment with a view to providing a relevant tailored warning, in much the same way as it did prior to payment 6.

I can't say for certain how Mrs B would have responded if she'd asked about the reason for payment 1. If she'd have answered correctly – either that she was making an investment or purchasing cryptocurrency – Revolut should have been able to identify the payment may be part of a cryptocurrency investment scam and provide relevant tailored warnings setting out common features of this type of scam.

Alternatively, Mrs B may have answered – as she did prior to payment 6 – that she was transferring money to a safe account. If she'd answered in this way, and still wanted to continue with the payment after being shown warnings about safe account scams, I would have expected Revolut to want to speak to her before processing it. A transfer to a cryptocurrency exchange isn't particularly consistent with the stated intention of moving money to a safe account. And if Mrs B genuinely believed she was moving money to a safe account, presumably because she'd been told another account wasn't safe, there was a very high chance she was being scammed.

If concerns that she may have been falling victim to a safe account scam had been followed up by an agent using the in-app chat, I think they should have been able to identify that Mrs B was actually investing as the agent did during the chat on 1 April. Irrespective of the answers she may have given to any follow-up questions, I would have expected Revolut to provide a tailored warning setting out the common features of investment scams in this situation.

So, however Mrs B might have answered if she'd been asked about the purpose of payment 1, I think this should ultimately have led to her being shown a tailored warning setting out common features of investment scams. These could include, for example, that scammers often advertise online, promise extremely high returns over

short periods of time, require victims to purchase cryptocurrency and transfer it to a wallet they don't control, ask them to install remote access software, and set them up with accounts of professional-looking fake platforms.

If Revolut had intervened as I've described, would that have prevented the losses Mrs B suffered from payment 1?

I think it's important to recognise that an intervention before payment 1 would have come right at the start of the process, when it's likely the influence the scammer had over Mrs B was not as strong as it would later become. So I think the prospect of an intervention successfully stopping her from going ahead with the payments was the greatest at this point.

If Mrs B had received a clear tailored warning setting out the common features of investment scams as set out above, I think it's likely she'd have recognised many of these features in her own situation and it would have been likely to resonate with her. On balance, if this type of intervention had taken place at the outset, I find the most likely outcome is that 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 stopped before payment 1 left Mrs B's account, the remaining payments would also have been prevented.

What about the actions of Mrs B's banks?

This was a multi-stage fraud that saw Mrs B move money from two banks 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 banks should have identified she was at risk of harm from fraud and whether they reacted proportionately. But I am conscious the UK bank accepted that it allowed transfers to go through 'without rigorous checks' and agreed to refund all the money it transferred to Revolut in full as a result. Unfortunately, I'm unlikely to be able to obtain clarification of any possible intervention from the overseas bank. But given it didn't know Mrs B would ultimately be using the money to purchase cryptocurrency, I wouldn't have expected it to have the same level of concern that Revolut should have had.

On balance, I've not seen evidence of any intervention by Mrs B's banks that should particularly have alerted her to the fact she was speaking to a scammer or that changes my views on how Revolut should have dealt with this situation and whether she acted reasonably in the circumstances with which she was faced.

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

I have taken into account that Mrs B 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 harm from fraud, made further enquiries about payment 1 and ultimately prevented her losses. I think it 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, Mrs B has chosen not to pursue a complaint about the overseas bank and I can't compel her to do so. And, I don't think it would be fair to reduce her compensation because she hasn't made a complaint as I consider that Revolut should have prevented the loss. As can be seen at the end of this decision, I

have taken account of the money the UK bank agreed to refund when setting out the proposed redress.

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

Should Mrs B bear any responsibility for her losses?

I've considered the evidence carefully to decide what's fair and reasonable in the circumstances.

I accept Mrs B believed these payments were being made in connection with a legitimate investment opportunity, but I'm not persuaded that belief was a reasonable one. In the original complaint to Revolut, Mrs B's representative said she doesn't remember discussing expected returns with the scammer. But I think she must have had some sort of expectation about the returns she'd receive otherwise I don't think she would have invested. And experience tells us that these type of scams normally promote extremely high returns over short periods of time.

In circumstances where she was transferring large sums to someone she'd only recently met online for investments promising returns that should probably have seemed too good to be true, I think Mrs B ought to have proceeded 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.

I'm also mindful that Mrs B didn't provide Revolut with accurate information when it asked her about the payments, most notably during the chat with its agent on 1 April. This only hampered any effort by Revolut to protect her money. It may be the case that she was acting on the advice of the scammer but if she was being told to hide the real reason for a payment, I think she should reasonably have questioned that.

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 B's losses once it was aware that the payments were the result of fraud.

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. I understand Mrs B first notified Revolut of the fraud in September 2023, more than a month after the last payment.

In any event, Mrs B transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). Revolut could only try to recover funds her own account and it appears all the money had already been

moved on. If not, anything that was left would still have been available to her to access.

Some of the payments were card payments, and I've considered whether Revolut should have tried to recover the money through the chargeback scheme. But I'd only expect it to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here as the cryptocurrency exchange provided the service requested of it, that of changing her money into cryptocurrency before sending it to the wallet address she supplied it with. I'm also conscious that the normal timeframe for making chargeback claims had already expired for all but the last two payments.

In the circumstances, I don't think anything that Revolut could have done differently would likely have led to these payments being recovered successfully.

In conclusion

For the reasons I've explained, I don't currently think Revolut acted fairly and reasonably in its dealings with Mrs B and I'm proposing to uphold this complaint.

The responses to my provisional decision

Mrs B's representative confirmed her 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 Mrs B 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 B would have retained the money that was lost. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of her own contribution towards the loss.

To put things right Revolut should pay Mrs B compensation of $E + F$, where:

- A = the total value of payments 1 to 19 above - for each payment in Euros, the value should be converted to GBP based on the exchange rate at the date the payment was made;
- B = £10,265.52, representing the amount already returned by her bank and the cryptocurrency exchange;
- C = B - A, representing the total loss to the scam;
- D = C divided by A (as a percentage), representing the proportion of A that was lost to the scam;

- E = a refund of the proportion in D applied to 50% of each of payments 1 to 19, representing a 50% refund of the proportion of these payments that were lost to the scam; and
- F = simple interest on each amount being refunded in E at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mrs B 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 B 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 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 Mrs B to accept or reject my decision before 6 October 2025.

James Biles
Ombudsman