

The complaint

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

What happened

Sadly, Mr Z fell victim to a cruel investment scam. He was introduced by scammers to a fake investment platform that appeared to show trades being carried out and profits generated on his behalf. As his profits appeared to be increasing, he was encouraged to send more money and throughout the process he says he was in touch with other scammers who pretended to be investors. He says he realised it was a scam when he was unable to withdraw any money.

Between February and April 2003, Mr Z used his Revolut account to fund the following payments that I understand were lost to the scam:

No.	Date	Amount
1	8 Feb	£45.37
2	15 Feb	£15,569.12
3	16 Feb	£2,753.11
4	27 Feb	15,600 Euros
5	26 Apr	£90.55
6	26 Apr	£90.57
7	26 Apr	£142.07
8	26 Apr	£226.42

The payments were all made by card and went to a cryptocurrency exchange, from where the currency purchased was transferred to accounts controlled by the scammers.

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:

There's no dispute that Mr Z 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 Z.

Should Revolut have recognised that Mr Z 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 larger amounts and/or the purchase of cryptocurrency 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.

This notwithstanding, Revolut knew these payments were going to a cryptocurrency provider. 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.

Having considered what Revolut knew about payment 1 at the time, particularly that the amount involved was low, I'm not persuaded it ought to have been particularly concerned and I can't reasonably say it was at fault for processing it in line with Mr Z's instructions.

Payment 2 was for a much larger amount, however, and this is the point at which I believe Revolut should have identified he may be at risk of harm from fraud.

What did Revolut do to warn Mr Z?

Revolut has confirmed that it didn't intervene before any of the above payments were processed.

What kind of warning should Revolut have provided before payment 2 was made?

Having thought carefully about the risk this payment presented, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the surrounding circumstances before allowing it to debit Mr Z's account. I

think it should have done this by, for example, directing him to the in-app chat to discuss the payment further. Speaking to Mr Z in this way would have given an appropriately skilled agent the opportunity to ask open and probing questions about the reason for the payment and to identify what type of scam could be taking place so relevant tailored warnings relating to that type of scam could be provided.

If Revolut had intervened as I've described, would that have prevented the losses Mr Z suffered from payment 2?

I can't know for sure how Mr Z would have replied if he'd been asked about the reason for this payment. But from the evidence provided, including extracts from his chat with the scammers, there's no clear evidence he was coached by the scammers to hide the real reason.

I have listened to a recording of calls between Mr Z and his bank where he seems to have said he was transferring money to Revolut to buy a vehicle. But his representative says this was a misunderstanding (resulting from English not being his first language) where he heard the word scam and thought the agent was referring to payments linked to an earlier scam involving a vehicle, which his bank statements show were refunded to his account in January 2023, only shortly before the payments in this scam.

It's difficult for me to know exactly what was in Mr Z's mind at the time of these calls, but I think I can reasonably say that if he'd offered the same explanation to Revolut's agent, the use of cryptocurrency ought to have seemed a very unusual way to buy a vehicle and this should have been questioned further. If he had been asked more about this, including to provide evidence of the proposed purchase, I don't think any story about buying a vehicle would have stood up to scrutiny. With any possible cover story exposed, the agent would then have had the opportunity to explain that only scammers would ask him to hide the truth and to ask again what the payment was for.

But ultimately, whatever Mr Z had said about the reason for the payment, I think the fact he was sending large amounts to cryptocurrency means Revolut should have identified the most likely type of scam that could be taking place was an investment scam. And in the circumstances, I think it should have shown relevant tailored warnings setting out common features of this type of scam. These could have included, for example, that scammers often promote fake investments online, promise extremely high returns, add victims to chat groups where other 'investors' talk about their successes, operate professional-looking platforms, require payments to be made in cryptocurrency, and ask investors to pay various fees and taxes when they want to withdraw their money.

If Mr Z had received this type of warning at a very early stage in the scam, and perhaps before the scammers' influence over him became stronger as he saw the returns on the fake platform mount up, I think it's likely he'd have recognised many of these common features in his own situation and it would have resonated with him. On balance, I think it's likely that an appropriate tailored warning would have been effective in opening his eyes to the scam and stopping him from going ahead with the payment.

I think it follows that if the scam had been uncovered at the point of payment 2, payments 3 to 8 would also have been prevented.

What about the actions of Mr Z's bank?

This was a multi-stage fraud that saw Mr Z 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 to establish if it attempted any kind of intervention before transferring his money to Revolut and, if so, how this affects my assessment of whether or not he acted reasonably in the circumstances.

The bank has confirmed that it did question two transfers to Revolut during this period and it's provided call recordings. In both cases, Mr Z said the payment was for the purchase of a vehicle. It's possible this was the result of a misunderstanding as his representative has said, but either way the bank – which didn't know the money was ultimately going to cryptocurrency – appears to have accepted this explanation and he wasn't warned specifically about investment scams.

On balance, I don't think there was any intervention by Mr Z'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 Z's loss?

I have taken into account that Mr Z 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 payment 2 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 Z has chosen not to pursue a complaint further about any other firm 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 firm, as I consider that Revolut should have prevented the loss.

Should Mr Z bear any responsibility for his losses?

I've considered the evidence carefully to decide what's fair and reasonable. While I accept Mr Z believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one.

In particular, the information provided by Mr Z's representative appears to show he was led to believe he'd receive extremely high returns at a level that I think he should reasonably have questioned whether it 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 Z's losses once it was aware that the payments were the result of fraud.

I understand Mr Z didn't notify Revolut of the fraud until several months 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 I don't think anything that Revolut could have done differently would likely to have led to these payments being recovered successfully after this period of time.

In any event, Mr Z transferred funds to a legitimate cryptocurrency account in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). Revolut could only try to recover funds from Mr Z's own account and it appears all the money had already been moved. If not, anything that was left would still have been available to him to access.

As these were card payments, 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. Mr Z paid a legitimate cryptocurrency exchange and received the requested service, that of changing his money into cryptocurrency before sending it to the wallet address he supplied it with. His disagreement is with the scammers, not the cryptocurrency exchange and it wouldn't have been possible for Revolut to process a chargeback claim against the scammers as he didn't pay them directly.

The responses to my provisional decision

After further correspondence to clear up some issues relating to how compensation should be calculated, both parties confirmed they 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 Z 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 he would have retained the money that was lost from payment 2 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr Z's own contribution towards the loss.

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

- A = a refund of 50% of each of payments 2 to 8; 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.

Interest is intended to compensate Mr Z 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 Z 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 Z'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 Z to accept or reject my decision before 16 October 2025.

James Biles
Ombudsman