DRN-5912855

The complaint

Mr K complains that Revolut Ltd won't refund the money he lost to an investment scam. Mr K is represented in this complaint, but I'll refer to him as it's his complaint.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In or around August 2024, Mr K was contacted by X (the scammer), on a social networking service, about an investment.

He started to speak to X, who said she was a financial analyst and a business mentor, on a messaging app. X introduced Mr K to a broker called Company Z and Investment Platform P. Mr K could see realistic investment graphs and he thought they were official and legitimate. Also, he could see people making money from bitcoin.

Mr K says he researched cryptocurrency, Company Z and the investment platform and then started to invest. He explains that the P Platform showed him he was making a profit on a daily basis, which gave him further reassurance that the investment was legitimate. Also, each day he would speak to X and Company Z. Mr K started to build a relationship and trust with X, who said she was religious, and he was convinced she was genuine and helping him.

Mr K had accounts with Revolut, Bank B, Bank H and Bank N and he transferred funds from these accounts to his accounts with crypto exchanges and then onto the scammers' crypto account.

The scammers' tactics were:

- To show Mr K that he was making significant profits and that to make higher profits, he needed to pay them fees.
- For X to encourage him to invest and, when he doubted the investment and got frustrated and annoyed, to persuade him that it was legitimate and to pay more and more fees until he had given them all his money. Also, to persuade Mr K, X would explain the fees, withdrawal issues and how successful his investment had become. Also, when he struggled to pay the fees, she agreed to make fake contributions.

Mr K highlights that, under the spell of the scammers, he made the following payments between 13 August 2024 and 24 October 2024:

- £12,500 from Revolut – 13 to 23 August 2024
- £17,804 from Bank H – 16 August 2024 to 24 September 2024
- £18,550 from Bank N – 9 to 11 September 2024
- £36,400 from Bank B – 13 September 2024 to 24 October 2024

The following table illustrates the payments Mr K made from his Revolut account to Person N and crypto exchange Company M and then onto the scammers:

Payment Number	Date	Payment Method	Beneficiary	Amount
1	13 Aug 24	Faster payment	Person N	500
2	14 Aug 24	Faster payment	Person N	500
3	14 Aug 24	Faster payment	Person N	1,000
4	15 Aug 24	Debit card	Mr K's account with Company M	500
5	15 Aug 24	Debit card	Mr K's account with Company M	500
6	15 Aug 24	Debit card	Mr K's account with Company M	1,350
7	15 Aug 24	Debit card	Mr K's account with Company M	150
8	15 Aug 24	Debit card	Mr K's account with Company M	500
9	19 Aug 24	Debit card	Mr K's account with Company M	500
10	19 Aug 24	Debit card	Mr K's account with Company M	1,000
11	19 Aug 24	Debit card	Mr K's account with Company M	1,000
12	19 Aug 24	Debit card	Mr K's account with Company M	1,000
13	20 Aug 24	Debit card	Mr K's account with Company M	500
14	20 Aug 24	Debit card	Mr K's account with Company M	500
15	20 Aug 24	Debit card	Mr K's account with Company M	500
16	20 Aug 24	Debit card	Mr K's account with Company M	500
17	21 Aug 24	Debit card	Mr K's account with Company M	500
18	21 Aug 24	Debit card	Mr K's account with Company M	500
19	22 Aug 24	Debit card	Mr K's account with Company M	500
20	22 Aug 24	Debit card	Mr K's account with Company M	500
21	23 Aug 24	Debit card	Mr K's account with Company M	500

Mr K realised he'd been scammed at the point he thought his investment was worth £785,000. He wanted to withdraw £100,000 but couldn't afford fees which had a deadline.

Mr K complained to all four banks.

In his complaint to Revolut, in which Mr K asked for a refund of his £12,500 loss and interest, he said:

- Revolut failed to intervene, ask probing questions and provide an effective warning, which *'ultimately would have had a positive effect on our client's decision making at the time of making the payments'.*
- He '*had no reason to lie or evade questions from the bank'.*

However, Revolut rejected Mr K's claim. Mr K then brought his complaint to our service and our investigator said that Revolut should provide a refund from payment number 12 (see above table) for £1,000 as they should've intervened at this point and the scam '*may have been prevented'*. They also said the refund should be split due to contributory negligence from Mr K.

Mr K communicated that he disagreed, prior to a response from Revolut, so this complaint has been passed to me to look at.

I issued a provisional decision on 13 October 2025, and this is what I said:

I've considered the relevant information about this complaint.

Our investigator upheld this complaint, but I don't think Revolut Ltd could've prevented Mr K's loss and this provisional decision sets this out.

The deadline for both parties to provide any further comments or evidence for me to consider is 27 October 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.

If I don't hear from Mr K, or if they tell me they accept my provisional decision, I may arrange for the complaint to be closed as resolved without a final decision.

What I've provisionally 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 am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

Having taken all of the above into account, for the reasons I shall set out below, I am minded to conclude that:

- *When Mr K authorised payment number 9 for £500 on 19 August 2024, Revolut should've recognised that he could be at heightened risk of financial harm from fraud.*
- *Revolut should've then attempted to establish the circumstances surrounding that payment and asked probing questions to protect Mr K from financial harm.*
- *Even if Revolut had intervened, I don't think Mr K's loss, from that payment onwards, would've been prevented.*
- *In those circumstances, I don't consider it to be fair and reasonable to hold Revolut responsible for Mr K's loss.*

I should point out that:

- *In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on the balance of probabilities.*
- *Revolut is not a member of the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which is a voluntary scheme designed to protect customers from fraud and scams.*
- *I don't think Revolut could've been expected to recover the money due to the date they were alerted and it being sent to the scammers via a crypto exchange. Also, there are no chargeback rights on debit card payments.*
- *There's no dispute that Mr K made the payments here, so they are considered authorised.*

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.

And, as the Supreme Court has recently reiterated in Philipp v Barclays Bank UK PLC, subject to some limited exceptions banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- *The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.*
- *At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In Philipp, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.*

In this case, the terms of Revolut's contract with Mr K modified the starting position described in Philipp, by expressly requiring Revolut to refuse or delay a payment "if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks".

So Revolut was required by the implied terms of its contract with Mr K and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately[1]. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in August 2024 fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances (irrespective of whether it was also required by the express terms of its contract to do so).

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

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[1] The Payment Services Regulation 2017 Reg. 86 states that "the payer's payment service provider must ensure that the amount of the payment transaction is credited to the payee's payment service provider's account ***by the end of the business day following the time of receipt of the payment order****" (emphasis added).*

- *using algorithms to identify transactions presenting an increased risk of fraud;*[2]
- *requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;*
- *using the confirmation of payee system for authorised push payments;*
- *providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.*

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- *Electronic Money Institutions like Revolut are required to conduct their business with "due skill, care and diligence" (FCA Principle for Businesses 2), "integrity" (FCA Principle for Businesses 1) and a firm "must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems" (FCA Principle for Businesses 3)*[3]*.*
- *Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the "Financial crime: a guide for firms".*
- *Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.*
- *The October 2017, BSI Code*[4]*, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).*

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[2] For example, Revolut's website explains it launched an automated anti-fraud system in August 2018:https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks_/

[3] Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

[4] BSI: PAS 17271: 2017" Protecting customers from financial harm as result of fraud or financial abuse"

- *Since 31 July 2023, under the FCA's Consumer Duty[5], regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was "consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"[6].*

Overall, 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 in August 2024 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 (among other things). 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 – (as in practice Revolut sometimes does).*

With the above in mind, I considered the following:

<u>Should Revolut have recognised that Mr K was at risk of financial harm from fraud?</u>

Revolut have submitted evidence that their system did recognise Mr K was at risk of financial harm at an early stage, providing automated questions, warnings and agent intervention, due to Mr K making both a payment to a new payee (Person N) and a crypto exchange.

Regarding the payments to Person N, Revolut did raise concerns both on their automated systems and through web chat and they checked with Mr K before releasing the payments.

Regarding the crypto payments, which carry a high risk and are associated with fraud and scams, early warnings such as those Revolut have evidenced are important. I think the tailored automated warnings Revolut put in place would've given them a level of reassurance, especially as they asked Mr K whether he'd ever invested in

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[5] Prior to the Consumer Duty, FCA regulated firms were required to "pay due regard to the interests of its customers and treat them fairly." (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.
[6] The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

crypto before and if he'd checked the company with the FCA, and the evidence shows he said yes to both these questions.

I should add that many people invest in crypto and it isn't illegal for them to do so. Also, banks and EMI's process thousands of payments each day and, as mentioned above, they have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm.

Regarding payments to Company M, considering the combination of Mr K's answers to tailored automated warnings and the amounts I wouldn't have expected Revolut to intervene on the first five crypto payments (payments 4 to 8).

After payment 8, Revolut blocked a high number of further payments to Company M. This appears to have been to protect Mr K due to either the high amounts and / or the velocity of same day payments he was attempting.

Ordinarily I would've expected to see further intervention later, when the payments to Company M exceeded £5,000 (which is what our investigator said). But considering the volume of account activity on 15 August 2024 together with Mr K, on the next day, flagging a scam concern on transactions he'd already paid, I would've expected an intervention if and when he attempted to make a further payment to Company M – this was payment 9 on 19 August 2024. And then later at payment 12.

So, despite his automated answers that would've given them some reassurance and mitigated the risk, I think Revolut should've – upon payment 9 – put another intervention in place to check Mr K wasn't at risk of financial harm and, through probing questions, checked what was happening.

<u>What kind of intervention should've Revolut provided?</u>

Considering the picture Revolut would've seen at the point of payment 9 on 19 August 2024, I would've expected them to have put in place an intervention – either via in-app chat or a call – with a fraud and scam agent. I would've expected a fraud and scam agent to ask probing questions on the following areas:

- *Payment purpose.*
- *Checks and research completed.*
- *Expected returns and ability to withdraw.*
- *Third parties, brokers or recovery agents advising of fees.*
- *Third party communications including requests to deceive the bank.*

I also would've expected them to give warnings about common types of scams.

I then considered:

<u>Whether effective interventions would've prevented the losses that Mr K suffered?</u>

I considered causation. Put simply, whether Revolut's failure to warn and intervene caused Mr K's losses. To do this, I reflected on whether any such interventions would've made any difference.

I looked very closely at Mr K's interactions with the scammer who Mr K trusted and contacted after being concerned about not being able to make a withdrawal. Also, his interactions with Banks H, N and B, who Mr K also used to pay the scammers.

Having considering the other banks' intervention, which I've summarised below, even if Revolut asked the above type of probing questions, I'm not persuaded that an intervention would've detected, unravelled the scam or stopped Mr K going ahead with further payments.

Interventions from Banks H, N and B

Bank N put in place relevant and strong automated warnings about 'cryptocurrency investment fraud'. However, Mr K continued to make payments.

Bank B also put in place automated warnings. However, these weren't relevant as Mr K told them he was paying family and friends.

There were four human interventions from fraud and scam agents:

- *Bank H intervened on 24 August 2024 (week 2 of the 11-week scam period).*
- *Bank B intervened on 12,13 and 17 September 2024 (week 5 and 6 of the 11-week scam period).*

I found these bank interventions to be strong. Although there isn't any evidence that coaching took place to reduce payments and counteract interventions and Mr K says he 'had no reason to lie or evade questions from the bank', I considered this to be a possibility as:

- *I found Mr K wasn't truthful to both Bank H and Bank B.*
- *Mr K was having daily conversations with the scammers.*
- *I noted that in his dialogue with X, Mr K discussed the banks he was using and after the intervention call with Bank B concluded he said to X:*
    - *'What a nightmare. I feel like a criminal all the questions!'*

Although I don't know if the scammers were coaching Mr K, when listening to the call recordings, I considered whether the agents were alive to the risk of coaching.

In summary, on the calls:

- *Mr K consistently received educational information and warnings on crypto investment scams. These included the following:*
    - *Scammers approach people on social media, and the scams include fake brokers, fake platforms and trading accounts.*
    - *Scammers show realistic graphics illustrating profits together with group chats or messages from people making profits.*
    - *The profits will be too good to be true. Scammers pressurise victims to pay more and more money in extortionate fees to access high profits.*
    - *Even when victims can't access fake profits, and they think it may be a scam, they often struggle to accept the reality and continue to pay more.*
    - *Scammers tell and coach victims to move funds between accounts and to lie to their banks.*
    - *Banks continue to see a rise of investment scams with crypto and bitcoin being higher than normal risk. These are volatile due to lack of regulation and*

therefore due diligence and checking with the FCA is important.

- *Crypto investors should be prepared to lose all their funds.*

Most, and perhaps all, of the above scam warnings applied to Mr K. He had been approached by social media, he thought he had a broker, he was surprised the profits were so large (commenting to X that 'When it's too good to be true it usually is'), he was getting annoyed and frustrated with the extortionate fees and being asked to make more and more payments. At a number of stages, he thought he was being scammed but due to the spell X had over him and the amount of money he had invested had he ignored his own misgivings. Also, he appears to have had misgivings over the investment as he tells X 'Lots of people have told me that this company are scammers'.

Yet when repeatedly asked questions about whether any of the above applied to what he was doing he said it didn't and he consistently gave false answers saying he was acting alone after a well-known male friend had given him advice.

Regarding the warnings about the high risk of losing all his money, Mr K said he understood and accepted all the risks.

- *Mr K faced lots of probing questions, particularly on the Bank H call and Bank B call of 13 September 2024. I could understand Mr K's above comments about how he felt about the Bank B call as this lasted thirty minutes and it was a very strong call in terms of education, warnings and probing. I think the Bank B agent may have been suspicious that Mr K was being coached as he repeatedly asked him if anyone was asking him to lie and told him about the importance of giving honest answers to his questions. However, on all the calls Mr K was insistent that no one was telling him to lie, maintains this in his complaint, and it isn't illegal for customers to trade in crypto.*

The agents asked both open and closed questions. I found Mr K also gave false and misleading answers to the following questions:

- *Why was he investing in bitcoin? How was he introduced to it?*
  - *He consistently said it was a long-standing friend who was making money from bitcoin through a crypto exchange company. And when probed further about his friend, how he knew him and how he communicated with him, he gave false answers.*
- *Was any third party advising or helping him? Did he have an investment company and broker acting on his behalf? Is he paying exorbitant fees? What research had he done?*
  - *He consistently said no, which also wasn't the case.*
  - *Also, he'd done his own research following his friend's advice.*
- *How does he communicate with a third party or investment company? How does he know the investment company? How does he make withdrawals? Is someone saying you can make loads of money? Who is advising you?*
  - *He again consistently said it was just him acting on his friend's recommendation.*
- *He was repeatedly told that for the bank to protect him they needed him to be honest and asked if anyone was telling him to lie or manipulating him. And that only a scammer would do so.*
  - *He consistently said no to these questions.*

Mr K was asked a number of other questions including why he was transferring funds between his accounts and whether he was gaining high returns in a short space of time.

Overall, I found the interventions to be strong and whatever further questions the agents asked, I don't think Mr K was going to give them any information on what was really happening.

Summary

Having considered the above interventions, although I think Revolut should've put further interventions in place, due to the influencing tactics of the scammers, I don't think Mr K would've listened to their warnings and Revolut would've been able to uncover the scam even if they had probed.

I realise this decision will come as a disappointment to Mr K and I'm very sorry he has lost a significant amount of money here. But, for the reasons I've explained, I won't be upholding this complaint and asking Revolut to make a refund.

My provisional decision

For the reasons mentioned above, my provisional decision is not to uphold this complaint against Revolut Ltd.

This is subject to any comments that either Mr K or Revolut Ltd may wish to make.

These must be received by 27 October 2025.

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.

Further to my above provisional decision with a deadline of 27 October 2025, I didn't receive a response from either party.

As no further arguments or evidence have been produced in response to my provisional decision my view remains the same. I therefore adopt my provisional decision and reasons as my final decision.

My final decision

My final decision is that I'm not upholding this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 26 November 2025.

Paul Douglas
Ombudsman