

Complaint

Mr D is unhappy that Revolut Ltd didn't reimburse him after he fell victim to a scam.

Background

In May 2023, Mr D fell victim to an employment scam. He'd been applying for jobs online and was approached on a messaging app by someone who claimed to work for a well-known recruitment agency. They told him that there was a role available with one of its clients. Unfortunately, that person wasn't a legitimate recruitment agent, but a fraudster.

Mr D's role was to review hotels on a software platform maintained by the client. He had to complete a requisite number of tasks to earn commission. The fraudsters told him that, in order to participate in this activity, he needed to fund his account. He also told him this meant he needed to transfer cryptocurrency to an e-wallet controlled by the fraudster. He used his Revolut account to make four payments to a third-party cryptocurrency platform. The total value of those payments was £23,441.

Revolut stopped the fourth payment and directed Mr D to speak to it through its chat function. Mr D started the conversation by saying *"I am doing this payment willingly for my personal use"* and *"Can you please help and approve it"*. He'd told Revolut that the purpose of the payment was *"investment"* and so the Revolut agent asked him to *"tell me a little more information about this particular investment."* Mr D responded: *"I am investing for personal use to earn interest."* The Revolut agent went on to ask him several questions based on the assumption that Mr D might be at risk of an investment scam. None of the answers to those questions caused Revolut any concern and so it processed the payment.

Once Mr D realised that he'd fallen victim to a scam, he notified Revolut. It didn't agree to refund his losses. He wasn't happy with that response and so he referred his complaint to this service. It was looked at by an Investigator who didn't uphold it. Mr D disagreed with the Investigator's opinion and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Revolut 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 think it should reasonably take steps to warn its customer about the risk of proceeding. Whether a warning should be provided (and, if it should, the nature and extent of that warning) should be proportionate to the risk the payment presents and strike a balance between trying to protect customers and not unduly inconveniencing them.

The Investigator concluded that Revolut ought to have intervened in connection with the second payment. I'd agree with that conclusion. It didn't do so until the fourth payment. However, the fact that I've found a shortcoming on Revolut's part doesn't automatically mean Mr D's complaint must be upheld. I need to be persuaded that its failure to act was the effective cause of the losses he went on to sustain.

To reach a conclusion on this point, I need to consider what would have happened if Revolut had handled things differently. Unfortunately, I think there were some significant barriers to Revolut being able to effectively protect Mr D here. First, he appears to have miscategorised the payment by describing its purpose as "*investment*". In addition to that, when Revolut did query the fourth payment with him, he said he was investing "*to earn interest*". This was in response to an open question posed by Revolut's agent. Unfortunately, Mr D's responses didn't reflect the substance of the arrangement he had entered into.

His representatives have said that he wasn't directed by the scammer to mislead Revolut if it questioned these payments. It's not clear to me, then, why he answered these questions in the way that he did. In any event, I think that limited Revolut's scope for taking action to protect him. I can see from the transcript of the interaction it had with Mr D that it did give him some relevant, general warnings about the risk posed by investment scams that focused on cryptocurrency. In the circumstances of this case, I don't think it was unreasonable for it to have done so given the way its questions had been answered. Unfortunately, those warnings didn't resonate with Mr D as he had been targeted by a different type of scam.

I don't say any of this to downplay or diminish the fact that Mr D has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for him and the position he's found himself in. However, my role is limited to looking at the actions and inactions of the firm and, while I agree that it ought to have done more here, I'm not persuaded that its failure to do so was the cause of his losses.

Final decision

For the reasons I've explained above, 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 25 September 2024.

James Kimmitt
Ombudsman