

## The complaint

Mr N complains Revolut Ltd didn't do enough to protect him when he fell victim to a scam and won't refund the £2,490 he lost as a result.

## What happened

Mr N fell victim to a task-based employment scam in July 2023. He was contacted by someone purporting to be from a legitimate recruitment agency ("the scammer"), who offered him part-time work which he could complete remotely. The scammer told him he would be paid in crypto for completing online tasks to help an American advertising company ("IV") *"generate real data"*. Upon completion of certain sets of tasks, Mr N was told he would receive commission.

The scammer instructed Mr N to set up a working account with IV (although this was in fact a clone of the legitimate company's website), where he would complete his tasks. Mr N was also instructed to open an account with, and transfer money to, Revolut. He was also told to set up a crypto account with a legitimate crypto exchange platform, where he would receive his earnings but could also top up his working account to reset his tasks. Mr N explained that he initially used crypto the scammers had provided him with but, having completed certain promotional tasks which generated higher commissions but were themselves increasingly expensive, the account fell into a negative balance and he needed to top up the account with further crypto purchases.

Mr N made the following purchases from his Revolut account:

Payment number	Date	Payment type	Amount
1	17/07/23	Faster payment	£95
2	18/07/23	Push-to-card payment	£100 (+£2.30 fee)
3	19/07/23	Push-to-card payment	£220 (+£5.06 fee)
4	19/07/23	Push-to-card payment	£370 (+£8.51)
5	20/07/23	Push-to-card payment	(£1,705 failed)
6	20/07/23	Push-to-card payment	£1,705 (+£39.22 fee)
		<b>Total</b>	<b>£2,545.09</b>

The payments were all made to a third party, unconnected to the scam, as Mr N purchased crypto via a peer to peer (P2P) service provided by a crypto exchange. He then transferred the crypto to his working account with IV, at which point it was in the control of the scammer.

Mr N said he realised he'd been scammed when the website for IV suddenly went offline. He attempted to contact the scammer but was told he needed to top up his account. He reported the scam to Revolut and asked for it to reimburse his losses as he'd fallen victim to a scam.

Revolut attempted to recover the funds Mr N had transferred but the beneficiary bank confirmed that no funds remained. While it accepted Mr N had fallen victim to a scam, it

refused to refund his losses as it explained it had provided him with various warnings throughout his payment journey but he had decided to go ahead with the payments.

Unhappy with Revolut's response, Mr N referred his complaint to the Financial Ombudsman. Our Investigator didn't uphold his complaint. She was satisfied that Revolut had taken proportionate steps to advise Mr N about the risks involved with his payments, as a result she did not think it could be held responsible for his loss. She also noted that another bank had intervened in some later payments Mr N attempted to make and at that time he had not been entirely truthful in his answers, which prevented it from uncovering the scam.

Mr N disagreed and asked for an Ombudsman's final decision. He disagreed that he had provided inaccurate information when speaking with his bank. He also felt the scam would have been uncovered had a Revolut employee spoken with him, rather than relying on online chats.

So, the case has been passed to me to decide.

### **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.

Having done so, I'm not upholding this complaint and for largely the same reasons as our Investigator. I realise this will come as a disappointment to Mr N, but for the reasons I'll go on to explain I don't think Revolut has acted unfairly.

I'm sorry to hear Mr N was the victim of a sophisticated and targeted scam and lost a significant sum of money as a result. I can appreciate why he wants to do all he can to recover the money he lost. But I can only direct Revolut to refund Mr N's losses if it can fairly and reasonably be held responsible for them.

It is evident that Mr N authorised each of the scam payments from his Revolut account. So, although he didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of his account, Mr N is presumed liable for his loss in the first instance. And under the terms and conditions of the account, where a valid payment instruction has been received, Revolut's obligation is to follow the instructions Mr N provides.

Within Mr N's complaint he suggested that Revolut was signed up to the *"Authorised Push Payment Scam Code"*. I have assumed Mr N was referring to the Contingent Reimbursement Model ('CRM'), which is a voluntary scheme that provides increased protection for victims of these types of scams. But for clarity, I should explain the CRM code doesn't apply here. The CRM is a voluntary code and Revolut is not currently a signatory. The code would also not apply to these circumstances as Mr N's payment went to the legitimate purchase of crypto, which was only later transferred to scammers as part of the scam.

While the CRM code doesn't apply, there are other regulatory expectations and requirements and what I consider to have been good industry practice at the time, that meant Revolut should 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.

Whilst I have set out in detail the circumstances which led Mr N to make payments using his Revolut account and the process by which that money ultimately fell into the hands of the

scammer, I am mindful that Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Mr N might be the victim of a scam.

Nevertheless, Revolut did carry out further checks before processing some of Mr N's payments. Revolut presented Mr N with new payee warnings on each occasion he set up a new payee. Before processing the third payment, through an automated process, it asked Mr N for the payment purpose. As Mr N selected "Cryptocurrency" Revolut presented him with a warning that highlighted some of the risks associated with cryptocurrency transactions. He was also offered the chance to read further scam guidance or to "get advice", but he chose to carry on with the payment.

Before processing the fifth payment, Revolut intervened and first asked Mr N a series of automated questions before he was transferred to an agent where further questions were asked via the in-app chat function about his intended purchase. On this occasion Mr N selected that he was paying for "goods and services" and when asked said he'd paid the seller before. Revolut again provided some scam education related to the payment purpose Mr N selected.

Mr N has suggested that the scam could have been unravelled had he spoken to a person, rather than engaging with Revolut through the in-app chat. But I must take account that Revolut is an Electronic Money Institution (EMI), and it primarily communicates online and through its app. This in itself is not unreasonable and is ultimately a commercial decision. The only issue for me to decide is whether the warning it provided was proportionate to the risk it identified.

Ultimately, there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

Revolut did not have a previous customer relationship with Mr N. It did not know his typical spending patterns. But that doesn't mean it wasn't in a position to recognise suspicious activity – only that the information it had on which to make that assessment was limited.

In the circumstances, given what Revolut did know about the payments – i.e. the fact that Mr N was paying new payees but for relatively modest sums and in line with his stated account opening purpose with no other obvious hallmarks of a scam - I think its intervention and scam warnings were proportionate to the risk it identified. While Revolut's questions did not uncover the scam, in the circumstances I could not reasonably have expected it to do more before processing Mr N's valid payment instructions.

While task-based employment scams are becoming increasingly prevalent, at the time Mr N made his payments (July 2023) I would not have expected Revolut to specifically ask him questions related to task-based employment scams, or provided warnings specifically tailored to those scams.

But even if I were to conclude that Revolut should have done more before processing Mr N's payment instruction, I'm not persuaded its intervention could have prevented his loss. I am aware of another bank intervening when Mr N made payments towards this scam. In those interactions Mr N was not completely forthcoming with information about what he was doing, he also made clear to the bank that he appreciated the scam risk but was prepared to take it. I've seen nothing to suggest that Mr N would have reacted any differently had Revolut asked more probing questions in any of his earlier payments, so I think it's most likely he would still have decided to proceed with the payments despite any warnings Revolut provided.

I've considered whether, on being alerted to the scam, Revolut did enough to recover Mr N's losses. I can see that Revolut did attempt to recover the lost funds, but it was confirmed by the beneficiary banks that no funds remained. While it appears there may have been a slight delay in Mr N being able to log his fraud claim, which could have delayed Revolut's attempts to recover his funds, I think any recovery attempts would have been unsuccessful. Ultimately Mr N's payments were transferred to people unconnected to the scam who sold crypto via a P2P service. Had any recovery attempts been attempted they could have defended the recovery by demonstrating they provided the crypto Mr N paid for, which was transferred into his own crypto wallet before being transferred on to the scammer.

In conclusion, I have a great deal of sympathy with Mr N being the victim of what was clearly a cruel scam. But it would only be fair for me to direct Revolut to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. Everything considered, I cannot fairly and reasonably hold Revolut liable in these circumstances. It follows that I will not be asking it to take any further action.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 April 2024.

Lisa De Noronha  
**Ombudsman**