

The complaint

Mr L complains that Revolut Ltd won't refund money he lost when he fell victim to an employment scam.

Mr L is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well known to both parties and has also been set out previously by the investigator. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns seven debit card transactions totalling just over £3,000 which Mr L made over a course of four days in July 2023 in connection with a job opportunity – boosting rentals by completing reviews – with a company “B” who he was in contact with through an instant messaging service.

Mr L sent the funds to a cryptocurrency exchange for conversion into cryptocurrency, before sending it on to cryptocurrency wallets as instructed by B. It was explained to him that he could boost earnings by buying additional data to review.

When he was unable to make withdrawals, Mr L realised he'd fallen victim to a scam.

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.

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.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable in July 2023 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,
- 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 including in relation to card payments),

- have been mindful of – among other things – common scam scenarios, how the 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.

I've looked at the operation of Mr L's account and I don't consider the individual transactions in dispute to be *that* unusual such that I think Revolut ought to have had cause for concern.

The first five transactions were for amounts ranging between £15 and £365. They were in keeping with Mr L's general account spending. I acknowledge that the transactions were cryptocurrency related. But that in and of itself doesn't mean that they ought to have flagged as suspicious. Buying cryptocurrency is a legitimate exercise.

I can see that between the first and second transaction, Revolut did stop a transaction for £130. It froze Mr L's card as it wanted to check that it was indeed him who was making the transactions. In the circumstances, I consider Revolut's intervention was proportionate to the risk involved.

Mr L's representatives submit that transactions two to five were authorised in quick succession. They argue that the frequency ought to have flagged as unusual. I understand the point Mr L's representative are trying to make. The transactions were spread over a period of two hours. Given the amounts involved, and the fact that by that point Mr L had confirmed that he had indeed been making transactions to the cryptocurrency exchange, I'm not persuaded that Revolut ought to have been concerned because of the frequency involved.

The sixth and seventh transactions – £640.52 and £1,417.56 – which debited the following day were larger than any other transactions on Mr L's account. But it isn't uncommon for a customer to make larger transactions every now and then. And by that point, Mr L had sent five transactions to the cryptocurrency exchange over the last few days.

Mr L's representatives state that the cryptocurrency exchange being paid wasn't authorised by the UK's financial services regulator at the time. They argue that this ought to have given Revolut cause for concern. Cryptocurrency remains largely unregulated in the UK. The regulator's website explains that it was indeed the cryptocurrency exchange in question that asked for its permissions to be cancelled by the regulator, given it wasn't carrying out any regulated activity.

Having thought about this carefully, I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have intervened and questioned Mr L before processing his payment instructions. What this means is that in the circumstances of this case, I don't consider Revolut acted unfairly in executing the payment instructions it received from Mr L. It follows that I don't find it liable for his financial loss.

Even if I were to make the finding that some of the later transactions should have flagged as suspicious, the most I would expect Revolut to do in the circumstances of this case is the provision of a written warning covering the typical features of investment scams involving cryptocurrency. But such a warning is unlikely to have resonated with Mr L seeing as his payments weren't for the purposes of investing. So, it would lead to the same outcome.

In summary, I know that Mr L will be disappointed with this outcome. Not least because the matter has been ongoing for some time. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which he finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 15 July 2024.

Gagandeep Singh
Ombudsman