

The complaint

Miss O complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an investment scam company, or to help her recover the money once she'd reported the scam to it.

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 April 2023, Miss O came across an advertisement for a company I'll refer to as "D" while searching online for part time work. She had previously sought genuine employment using the platform and she noted D's website was extremely professional and that there were positive reviews on Trustpilot.

She applied for the role before being contacted via WhatsApp by someone claiming to work for D, who I'll refer to as "the scammer". The scammer helped Miss O to set up an account on D's platform and gave her the log-in details. He explained the role would entail reviewing hotels and that she would be required to make small deposits to access tasks, which would generate commission upon completion. She would be required to complete sets of 35 tasks to upgrade her account to the next level. A withdrawal would be processed after each set and she was required to complete a minimum of 3 sets of 35 tasks per day.

The scammer said he would show her how to navigate the platform, complete tasks, and deposit and withdraw funds. She was also told that she would be added to a group chat containing 19 others who were also working for D.

The scammer told Miss O she would need to purchase tasks in cryptocurrency because it was an online job and D was an international company, so it was easier to pay employees in cryptocurrency. She was told to open a Revolut account and to send funds from there to a cryptocurrency exchange platform I'll refer to as "B", before sending the cryptocurrency to D. Between 19 April 2023 and 22 April 202, she made ten payments to B totalling £5,555 using a Visa debit card connected to her Revolut account. During the period she received two withdrawals totalling £663.67, so the total loss was £4,891.33.

Miss O began completing tasks in early April 2023 and received a number of small withdrawals which she re-invested. As her account balance generated more commission it was upgraded through the levels, but as she completed more tasks, Miss O noticed her account go into minus figures. Eventually, she ran out of funds and realised she'd been scammed.

Miss O complained to Revolut and it blocked her card, but it refused to refund any of the money she'd lost. She wasn't satisfied and so she complained to this service with the assistance of a representative. She said Revolut had failed to query the scam payments or provide any warnings despite them being highly unusual. She said she was a vulnerable customer and Revolut should have done more to protect her from such a sophisticated and complex scam. She explained that she used all her savings and had borrowed £2,000 from a

friend. She also said Revolut had failed to properly raise a chargeback request on her behalf or to recover the funds. She said she wanted it to refund the money she lost and pay her £500 compensation and legal costs.

Her representative said Revolut had failed to attempt a chargeback in respect of the card payment. They explained that Miss O had made ten payments to a new payee which was a banned cryptocurrency merchant within the space of 3 days. They argued it should have intervened on 21 April 2023 when the first high value payment was made, explaining the Financial Conduct Authority (“FCA”) had banned B from carrying out financial activities in the UK and Revolut had been on notice that payments to B were high-risk.

They said it’s clear the scammer suggested Miss O should set up a Revolut account because they knew it had ineffective systems in place to prevent fraud and the scam payments were high value and out of character as Miss O didn’t regularly make payments this large to new accounts. It should have asked Miss O why she was making the payments, whether there was a third party involved, whether she’d done any research, whether she’d checked the FCA website, whether she’d received any withdrawals and whether anyone had pressured her to make the payments.

They said Miss O wasn’t prompted to give false answers and so she would have said she was making payments to D in cryptocurrency for an online job and that she had discussed the payments with a ‘trainer’. They argued that this would have unveiled the scam and so, even though she was sending money to a legitimate cryptocurrency merchant, it should have still provided a scam warning in light of all the information known to banks about scams involving cryptocurrency.

Revolut commented that Miss O should have known the risks involved with commission-based jobs which don’t require prior experience or employment documents, and the fact she was being paid in cryptocurrency was a clear sign that the job wasn’t legitimate.

It further commented that there was no other activity on the account prior to the scam transactions, so there was no information available which it could have used to determine whether the activity was unusual. It has argued that all the payments were 3DS-authenticated by Miss O in the app, they were relatively low value, they were spread over multiple days and Miss O had received funds into the account from B. It has also explained that many of its customers use Revolut to make cryptocurrency transactions and the transactions matched the reason Miss O gave when she opened the account which was ‘spend or save money’.

Regarding the chargeback request, Revolut said that Miss O was adding funds to a legitimate cryptocurrency account and once the funds are deposited to the beneficiary accounts, the service is considered to have been provided. And it had no rights to dispute the transactions that occurred after the money had been transferred from Revolut.

Our investigator didn’t think the payments were particularly unusual or suspicious in appearance. She noted account was newly opened and Miss O had chosen the reason for opening the account as ‘spend or save money’. The first transaction was on 18 April 2023, which was a credit from B, and there was another credit the following day.

She noted the first six payments were low value and weren’t made in quick succession, so there was nothing to suggest Miss O was being pressurised. Because of this, she didn’t think Revolut missed an opportunity to intervene. She accepted the seventh payment was a slightly higher amount (£1,210), and that Miss O had made three other payments that day, but she didn’t think this meant Revolut needed to intervene because the account was newly opened, so there was no spending history to compare the payments with. She also noted

Miss O didn't speak to or interact with Revolut when she made the payments, so it didn't miss an opportunity to identify they were being made to a scam.

Our investigator explained there wasn't a reasonable prospect of a successful chargeback request against B because it had provided the goods/service she paid for, so she didn't think Revolut had acted unfairly in refusing to raise a chargeback request. And she didn't recommend that Revolut should pay any compensation or legal costs.

Miss O has asked for her complaint to be reviewed by an Ombudsman. Her representative has argued that Revolut ought to have intervened when she made the seventh payment as there were multiple payments on the same day, the payments progressively increased in value, creating a pattern of fraud, and Miss O wasn't using the account for spending or saving.

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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Miss O has been the victim of a cruel scam. I know she feels strongly about this complaint and this will come as a disappointment to her, so I'll explain why.

I've thought about whether Revolut could have done more to recover the card payment when Miss O reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Miss O).

Miss O's own testimony supports that she used a cryptocurrency exchange to facilitate the transfers to B. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchange would have been able to evidence it had done what was asked. That is, in exchange for Miss O's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

I'm also satisfied Miss O 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Miss O is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Miss O didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Revolut is an Electronic Money Institution (“EMI”) and at the time these events took place it wasn’t subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA’s Principles for Businesses and BCBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I’ve thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I’ve seen, the payments were made to a genuine cryptocurrency exchange company. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Miss O when she tried to make the payments. If there are unusual or suspicious payments on an account, I’d expect Revolut to intervene with a view to protecting Miss O from financial harm due to fraud.

The payments didn’t flag as suspicious on Revolut’s systems. Because this was a newly opened account, there was no spending history to compare the payments with. All the payments were to a legitimate cryptocurrency exchange and I agree that the first six payments were low value, so there was no reason for Revolut to intervene.

I’ve noted that payment seven was for a slightly larger amount and that Miss O had made three other payments that day, so the cumulative spend by the time she made the seventh payment was £2,550. I also accept this was a new payee linked to cryptocurrency and that she had made multiple payments on the same day to the same payee. But, based on the fact she Miss O paying a legitimate cryptocurrency merchant and the payments were low value, I don’t think Revolut needed to intervene.

So, while I understand Miss O will be disappointed, I’m satisfied Revolut took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I’m sorry to hear Miss O has lost money and the effect this has had on her. But for the reasons I’ve explained, I don’t think Revolut is to blame for this and so I can’t fairly tell it to do anything further to resolve this complaint.

Recovery

I don’t think there was a realistic prospect of a successful recovery because Miss O paid an account in his own name and moved the funds onwards from there.

Compensation

Miss O isn’t entitled to any compensation of legal fees from Revolut.

My final decision

For the reasons I’ve outlined above, my final decision is that I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Miss O to accept or reject my decision before 24 January 2024.

Carolyn Bonnell
Ombudsman