

The complaint

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

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 several transactions totalling approximately £21,400 which Mr B made in August and September 2023 from his Revolut account. These were made in connection with a job opportunity which involved completing a set of tasks to boost ratings for products. Mr B subsequently discovered that he'd fallen victim to a scam.

Mr B's Revolut account was opened as part of the scam. It was explained to him that he needed to make deposits in cryptocurrency to complete some of the tasks. To facilitate this, Mr B transferred money from his account with another payment service provider to Revolut, before sending them on to third parties to buy cryptocurrency through peer-to-peer purchase. The cryptocurrency was then sent on to wallets as instructed by the scammer.

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 that in August 2023 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 (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.

Where there's no previous account history, as was the case here, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved. I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have questioned Mr B when he authorised the first disputed transaction of £40 on 30 August. Or for that matter, the first seven transactions. This is because they were relatively low in value (ranging between £40-£1,618) going to different beneficiaries (individual personal accounts), which weren't identifiably cryptocurrency related. I can see that Revolut provided a general scam warning each time Mr B made a payment to a new beneficiary. In the circumstances, I consider that was a proportionate step.

Revolut went further when Mr B authorised the fourth and the sixth transactions – £316 on 2 September and £929 on 3 September. It asked Mr B to confirm the purpose of the transactions, with the second intervention involving a few more questions. Both times, Mr B was required to select his response from a list of available options. Both times, Revolut was put on notice that Mr B's transactions were cryptocurrency related. It has shared a copy of the warnings it says it would have provided Mr B on each occasion before giving him the option to cancel or go ahead with the transactions.

Given Mr B selected cryptocurrency, I would have expected the warnings Revolut provided to have included the typical hallmarks of investment scams involving cryptocurrency. I say investment scams because when prompted further in the second instance, Mr B told Revolut he was investing in cryptocurrency. So, it's likely he would have answered in the same way if he had been questioned further at the time of the earlier transaction. But neither scam warning made any reference to cryptocurrency, let alone cover the typical features of investment scams involving cryptocurrency. So, I don't consider the interventions were proportionate to the scam risk identified. So, an opportunity was missed.

But that is not the end of the matter. Causation is a critical determinative factor. It isn't enough that Revolut didn't sufficiently probe when it identified a specific risk. In order to uphold this complaint, I would also need to be satisfied that such an intervention would more likely than not have positively impacted Mr B's decision making. Having considered the available evidence, I'm not persuaded that it would have. This is because Mr B's response to the payment purpose wasn't accurate. He wasn't investing in cryptocurrency. He was making payments in order to continue completing tasks for his employment.

I've thought about whether Mr B was presented with the opportunity to tell Revolut the true purpose of his transactions that wasn't limited to a list of options. Another transaction on 3 September flagged on Revolut's fraud detection system and, after asking him a series of questions during the payment flow, it directed Mr B to the in-app chat to ask further questions. He had the opportunity on that occasion to provide a free-text response on what he was doing and not be limited to a list of pre-determined options. But Mr B insisted he was purchasing cryptocurrency from a peer-to-peer seller with the intention of investing. The

transaction was ultimately cancelled – I understand this is because the peer-to-peer purchase had timed out and Mr B needed to start again.

When a third transaction that day – to a different peer to peer beneficiary – also prompted direct intervention by Revolut, Mr B said he was sending money to a friend on that occasion. A review of the chat correspondence between him and the scammer shows that Mr B was being coached on how to answer Revolut's questions. I can see he shared screenshots of the scam warnings as well as the agent's questions in the in-app chat. The scammer advised Mr B on how to answer those questions. It is also evident from the chat correspondence that the bank Mr B sent money into his Revolut account from had also initially blocked the transactions. Each time Mr B notified the scammer, and he was guided on what to say to avoid the transactions from being blocked.

Given my observations above, even if Revolut's intervention had gone further I'm not persuaded that Mr B would have told Revolut the real reason for his payments – that he was sending money in connection to his employment. He wasn't being honest as he was being coached. In the circumstances, Revolut couldn't reasonably be expected to correctly identify that Mr B was potentially falling victim to an employment scam. It follows that it couldn't reasonably be expected to provide a warning covering the hallmarks of an employment scam.

Recovery wise, these transactions were made to legitimately purchase cryptocurrency. Given Mr B has told us he moved the cryptocurrency on to the third-party wallets, recovery would likely have failed. For completeness, Revolut couldn't have attempted recovery from the third-party wallet owner (i.e., the scammer).

In conclusion, I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mr B finds himself due to the scammer's actions, 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 B to accept or reject my decision before 3 September 2024.

Gagandeep Singh
Ombudsman