

## The complaint

Mr E complains that Revolut Limited ('Revolut') won't refund the money he lost when he fell victim to a scam.

## What happened

### *What Mr E says*

Mr E says that he was contacted on a social networking site about a job opportunity. He then received messages from someone I'll refer to in this decision as M, from a company called L. Mr E didn't know at the time, but M was a scammer and L a fake company.

M provided some details about the role, that could be completed part-time alongside other commitments. She told Mr E that L was an international marketing company that had a platform that helped merchants to optimise apps to get good rankings. M advised Mr E that he needed to register a working account on L's platform, and that he would be paid commission and a salary into his cryptocurrency account (which M told Mr E to open). The salary level varied depending on the package chosen.

After completing some tasks, Mr E was told that he needed to clear a negative balance on his account before he could proceed, so he made a card payment of £655. Mr E was advised that he could upgrade to receive higher commission. He made payments of £1,600 and £3,100 to do so, and then paid £1,900 to clear another negative balance.

I have set out in the table below the payments Mr E made to a known cryptocurrency provider.

Payment no.	Date	Amount	Method
1	26/05/23	£655	Debit card
2	27/05/23	£1,600	Debit card
3	27/05/23	£3,100	Debit card
4	29/05/23	£1,900	Debit card
	<b>Total</b>	<b>£7,255</b>	

Mr E realised he was the victim of a scam when he tried to withdraw further funds and was told his request had been denied because his credit score was too low. He was told he could wait six months or pay a further £1,500 to restore his balance.

Mr E reported what had happened to Revolut via its chat on 16 October 2023. Shortly after he sent a formal complaint to Revolut via a professional representative.

### *What Revolut says*

Revolut said it wasn't liable for Mr E's loss and that the claim was brought outside the period allowed to raise a chargeback. Revolut has also told this service that Mr E authorised the transactions and the funds went to an account in his own name, so Revolut isn't responsible.

Mr E was unhappy with Revolut's response and brought a complaint to this service. He said Revolut failed to provide effective warnings or to intervene when there was unusual activity on his account.

#### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said that Revolut should have recognised that the payment of £3,100 was unusual and out of character and provided a written warning tailored to cryptocurrency investment scams. But the investigator wasn't persuaded that doing so would have broken the spell and made a difference in this case, because Mr E wasn't investing.

In terms of recovery, the investigator noted that there was no prospect of success as Mr E received a service from the cryptocurrency provider his funds went to – so Revolut acted reasonably in not raising a claim.

Mr E didn't agree with the investigator's findings. In summary, he agreed that an investment warning wouldn't have made a difference but said the onus on Revolut is to detect fraud trends and update its systems accordingly. In May 2023, when the payments were made, there were articles about task based job scams, and Revolut should have updated its fraud detection systems to reflect this.

#### **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 deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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 that's not the end of the story. Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in May 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.

#### *Should Revolut have recognised that Mr E was at risk of financial harm from fraud?*

It isn't in dispute that Mr E has fallen victim to a cruel scam, nor that he authorised the payments he made by transfers to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

Mr E opened his Revolut account in March 2022. I have considered the transactions he made in the 12 month period before the scam to decide what steps, if any, Revolut should have taken when Mr E made the payments in the table above.

Payments one and two were relatively low in value and were in line with Mr E's previous account activity. For example, in March 2023 Mr E made card payments of £820.51 and £1,000. And a pattern of transactions consistent with a common scam type hadn't been established. In the circumstances, I consider Revolut acted reasonably in processing these transactions without taking any additional steps. There's a balance to be struck between Revolut identifying concerning payments and responding appropriately to any concerns, and minimising disruption to legitimate payment journeys.

By the time Mr E made payment three though, he had already made payments totaling £2,255 over a two day period. This third payment request took the total to £5,355 and was larger in value than any previous transaction on the account. Taking these factors into account, as well as what Revolut knew about the destination of the payment, I think that when Mr E attempted to make a second significantly larger crypto currency related payment on the same day as another fairly sizeable payment, Revolut should have considered that Mr E could be at heightened risk of financial harm from fraud. In line with good industry practice, Revolut should have provided a warning before the payment went ahead.

#### What did Revolut do to warn Mr E?

Revolut hasn't suggested that it took any steps to warn Mr E of the risk associated with the payment.

#### What kind of warning should Revolut have provided

In this case, Revolut knew that payment three was being made to a cryptocurrency provider and its systems ought to have factored that information into the warning it gave.

Having thought carefully about the risk payment three presented, I think a proportionate response to that risk would have been for Revolut to have provided a written warning tailored to cryptocurrency investment scams, which was the most prevalent cryptocurrency related scam at the time. Such a warning should set out the key features of a cryptocurrency investment scam.

I'm not satisfied that Revolut needed to go further at this stage and given the nature of the payments. I don't consider Revolut ought reasonably to have asked questions to narrow down the scam Mr E might be falling victim to. So, whilst I agree that Revolut should keep up to date with fraud trends, I don't think that in May 2023 this meant doing more than providing a written cryptocurrency investment warning.

#### If Revolut had provided a warning of the type described, would that have prevented the losses Mr E suffered from payment three?

Like the investigator, I'm not satisfied that a written cryptocurrency investment scam would have resonated with Mr E or led him to act differently as he wasn't investing - he was making payments in respect of a job. I note that Mr E's representative accepts a warning of this nature wouldn't have stopped Mr E from making the payment.

For the reasons explained by the investigator, I also don't think Revolut should have done more to recover Mr E's funds. His payments were to a cryptocurrency provider which provided the expected service, so a chargeback had no reasonable prospect of success. Mr E was also out of time.

So, whilst I recognise Mr E has fallen victim to a cruel scam, I can't fairly ask Revolut to reimburse his loss.

**My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 October 2024.

Jay Hadfield  
**Ombudsman**