

The complaint

Mr C complains that Revolut Ltd did not refund a series of payments he lost to a scam.

What happened

Mr C was approached by a recruiter and offered a remote, flexible job he could do in his spare time. He checked the website and it appeared to be professional, so he signed up. He had to complete 40 tasks per day, and he would receive commission, which would be paid in cryptocurrency. The tasks cost money to complete, and Mr C had some funds on the work system. But he was asked to deposit his own money to complete more tasks. He made the following payments from his Revolut account:

Date	Amount (£)
04/09/2023	82
05/09/2023	400
05/09/2023	175.88
05/09/2023	140
06/09/2023	3,350
06/09/2023	100
06/09/2023	5,200
06/09/2023	200
06/09/2023	8,056
06/09/2023	4,142
06/09/2023	2,858
06/09/2023	10,000

After making a number of payments for fees and taxes to receive his commission, he was asked to pay even more money. Eventually, he realised he had been the victim of a scam and raised a scam claim with Revolut. Revolut explained they did not have any grounds to raise a chargeback claim to recover Mr C's funds, and they felt they had acted fairly when they processed the payments Mr C authorised.

Mr C referred his complaint to our service and our Investigator looked into it. They felt there should have been an intervention of a written warning at the payment of £3,350 as it was clear this was going to cryptocurrency. But they didn't think a warning about cryptocurrency would have dissuaded Mr C from carrying on with the payment, as he was the victim of a job scam which has different features.

The investigator felt the payment of £8,056 should have been referred for additional checks, and that an in-app chat would have been a proportionate response to the risk level. But they did not think an intervention would have revealed the scam, as they felt Mr B had followed the scammers instruction when making the payments to ensure they were processed, and they felt he would have done the same had he been referred for an in-app chat. So, they didn't think Revolut missed an opportunity to reveal the scam.

As Mr C's representative disagreed with the outcome, the complaint has been referred to me

for a final decision.

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.

I'm satisfied Mr C has been the victim of a job scam, and I'm sorry he's had to go through this experience. This complaint is against Revolut, and not the scammer, so I can only consider their actions in this decision.

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 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;
- 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.

Revolut have said that they applied a block to Mr C's card following the third attempted payment totalling £175 and asked him to confirm that he had authorised the payment himself. Mr C did so, and his card was unblocked; following this he made another payment just a few minutes afterwards. On balance, I think the intervention was proportionate to the risk level posed by the payment at that time. It was not of a high value and up to that point, Mr C had only made lower value payments to cryptocurrency, and I can see his previous genuine account activity did sometimes include payments of around £2,000.

Revolut did not intervene again after this point, however I do think later payments carried a higher risk level and warranted some form of intervention by Revolut. For example, the payment of £3,350 was of a higher value and was going to cryptocurrency, which I think Revolut could have been aware of. With this in mind, I think a scam warning would have

been reasonable in the circumstances and a proportional response to the risk level involved. I think that by September 2023, Revolut should reasonably have had the processes in place to provide a warning specific to job scams. In order to provide this, Mr C would have had to answer some automated questions about the payment.

The payment of £5,200 on 6 September 2023 posed an even higher risk. It was of an increased value again and was the seventh payment to cryptocurrency in three days, when Mr C had not made cryptocurrency payments on his Revolut account previously. It also brought the total value of attempted payments to cryptocurrency on the same day to £8,650, which was higher than his regular, genuine payments on the account. I think a manual intervention would have been a reasonable response for this payment, considering the value and the pattern of spending that had emerged. For Revolut, this would mean an in-app chat with Mr C to ask some additional questions about the payment and what it was for. As Revolut did not do this, I don't think they have done enough in the circumstances to protect Mr C's account from financial harm. What's left to decide is if either a general job scam warning or a manual intervention would have revealed the scam in the circumstances.

It isn't possible for me to know exactly what would have happened if Revolut had intervened in these payments and either provided a tailored warning or referred Mr C to the in-app chat. In order to determine what I think is more likely in the circumstances I've considered all of the evidence available to me. This includes Mr C's testimony and his interactions with the scammer.

Mr C has provided some of the chats between himself and the scammer. Mr C has confirmed that he spoke to the scammer over the phone, and they guided him on how to set up the work account, how to make payments to the system and where to make the payments from. I can also see that when a payment from another of Mr C's accounts that was going to his Revolut account was stopped by the account provider, the scammer instructed Mr C to break up the payment into smaller amounts to ensure they were processed, which Mr C did. So, I think Mr C was happy to follow the instructions of the scammer to ensure payments were made to the scam.

I also note that when discussing what accounts to make payments from with the scammer, Mr C mentioned that he uses a specific account provider because His Majesties Revenue and Customs ("HMRC") don't look at it. I think it's more likely Mr C is referring to his income that goes through the separate account, which suggests he wants to keep information about his income private. Considering this, it therefore seems unlikely Mr C would have revealed to Revolut that he was making additional income through a part time job online.

I therefore think Mr C was following the instructions of the scammer to ensure the payments were processed, and I think it's likely he would have continued to do so had Revolut intervened. And I think this would have included concealing information from Revolut to ensure the payments were processed. So, I don't think Revolut missed an opportunity to meaningfully reveal the scam in the circumstances and I don't recommend that Revolut reimburse Mr C.

Revolut have said they did not have any grounds to raise a chargeback claim, as Mr C had paid for a legitimate service from merchants, in the form of cryptocurrency. A chargeback is a voluntary scheme run by card issuers intended to resolve disputes between consumers and merchants. I agree that Revolut did not have grounds to raise a chargeback claim in the circumstances, as the merchants had provided the service Mr C paid for, namely purchasing cryptocurrency.

My final decision

I do not uphold Mr C's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 October 2024.

Rebecca Norris
Ombudsman