

The complaint

Mr P is unhappy that Revolut Ltd won't refund him the money he lost, after he fell victim to an Authorised Push Payment ('APP') scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in detail here. But in summary, I understand it to be as follows.

In or around March 2023, Mr P was looking for a job that would enable him to work from home. He came across an advert which interested him and sent his details, following which he received a message from someone who claimed to be a recruiter. Mr P was told about the opportunity for a data entry role. They required him to submit data in order for star ratings to be generated. Unfortunately, Mr P hadn't been contacted by a legitimate recruiter, but a fraudster.

He was told that he'd need to complete a certain number of 'contributions' in order to release earnings. Mr P has said he was sent links to a company website, that he said he was impressed with as it looked detailed and professional. Alongside this, Mr P has said he received a series of sophisticated documents, which he was required to sign, including contracts outlining the terms. He was also given access to a partnership portal and told to open an account via the website.

Mr P was told that he would earn money by completing the contributions. However, he needed to fund his account by making deposits, in order to 'boost' the products he was working on and to increase his earnings. Mr P has said the fraudster encouraged him to open an account with Revolut which he used to make payments to a third-party and then to a cryptocurrency platform. There his payments were converted into cryptocurrency, which was transferred into the control of the fraudsters.

Believing everything to be genuine, Mr P made the following payments from his Revolut account;

30 May 2023	£700 (faster payment to payee 1)
1 June 2023	£1,500 (faster payment to payee 1)
6 June 2023	£2,850 (faster payment to payee 1)
24 June 2023	£8,500 (payment to cryptocurrency platform 1) - reverted
27 June 2023	£5,000 (card payment to cryptocurrency platform 2)
27 June 2023	£2,000 (card payment to cryptocurrency platform 2)
27 June 2023	£1,500 (card payment to cryptocurrency platform 2)

Mr P realised he'd been scammed when he was unable to withdraw his funds. Mr P has said he tried to contact the fraudster over several days, but the fraudster stopped responding and he was no longer able to access the account that had been set up on the website.

Mr P raised the matter with Revolut, who considered his complaint, but didn't uphold it. In summary Revolut didn't consider the funds could be recovered via the chargeback process.

Unhappy with Revolut's response Mr P brought his complaint to this service. One of our Investigators looked into things, but didn't think the complaint should be upheld. In summary, it was our Investigator's view that the first three payments Mr P made (the faster payments) weren't unusual enough that Revolut needed to intervene. Our Investigator added that, at the point Mr P made the card payment for £5,000, Revolut should have done more and should have issued Mr P with a tailored warning about cryptocurrency. However, it was our Investigator's view that even if Revolut had done this it wouldn't have made a difference, as she thought it unlikely a tailored warning about cryptocurrency scams would've broken the spell, given Mr P was being encouraged to take part in job tasks.

Mr P disagreed with our Investigator's view and so the complaint has been passed 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.

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 May 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,
- 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),
- 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.

In light of the above, I've considered whether Revolut acted fairly and reasonably in its dealings with Mr P. I've thought about whether the payments identified Mr P might be at a heightened risk of financial harm due to fraud or a scam.

In the circumstances of this case, the account was newly opened so Revolut didn't know what would constitute as 'typical account usage' for Mr P. With this in mind and when considering the first three payments (the faster payments), I don't think what was happening was remarkable enough to have caused Revolut any concern. I'm not persuaded there was enough of a pattern formed here to suggest there might be a heightened risk of financial

harm due to fraud or a scam. So I'm not persuaded Revolut reasonably ought to have been concerned about payments 1-3.

But when making the payment for £5,000 I think Revolut should've identified a potential scam risk. I say that because by then a pattern of increased spending had begun to emerge and it followed an even larger payment being reverted by a merchant just a couple of days before. Alongside this, the payment was identifiably cryptocurrency related and, although buying cryptocurrency is a legitimate exercise, by May 2023, there had been widespread coverage in the media about increased losses to cryptocurrency investment scams.

When considering all of these factors, on balance, I think that a proportionate response to that risk would have been for Revolut to provide a tailored cryptocurrency warning to Mr P. Revolut has said that it did provide a warning, but looking at what it has provided, I don't think it went far enough. But, even if it had provided a more detailed warning, I'm not persuaded that would have necessarily prevented Mr P's loss. I'll explain why.

I'm mindful that in the circumstances of this case Mr P had sadly fallen victim to a job scam, not an investment scam. I don't think this would have been identifiable to Revolut based on the payments Mr P was making. So, I wouldn't have expected Revolut to tailor its warning to a job scam. And, as the warning would've talked about investment scams, specifically cryptocurrency investments, I think it's unlikely to have seemed relevant or resonated with Mr P or impacted his decision to make the payments. I think it's more likely than not that Mr P would have seen a warning about investment scams involving cryptocurrency and disregarded it as he wasn't making an investment.

Therefore, even if Revolut ought to have done more, I don't think its failure could reasonably be considered as the proximate cause of Mr P's loss in these circumstances. It seems likely he would have proceeded to make the transactions, irrespective of any intervention.

Finally, I've also thought about recovery of the payments once Revolut became aware of the situation. In respect of the card payments Mr P made, I don't think there was a realistic prospect of a chargeback being successful, as the payments were sent to a legitimate merchant who provided the service. I also don't think there was any reasonable chance of recovering any of the money Mr P sent via faster payment. From what I've seen the payments were used to purchase USDT, which was then passed into the control of the fraudsters – so I don't think Revolut had any reasonable options available to it to recover the payments.

Mr P has my considerable sympathies. He's found himself in an unenviable situation where he has lost money to a fraudster. But overall, for reasons explained above, I don't find that Revolut is required to reimburse him.

My final decision

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 P to accept or reject my decision before 20 September 2024.

Stephen Wise
Ombudsman