

The complaint

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

Mr B is being represented by solicitors in this complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns seven transactions totalling around £5,000 which Mr B made in October 2023 in connection with a job opportunity – completing tasks involving promoting items to increase their visibility – with a company “F” who he came across on a popular social media platform. It was explained to him that he needed to make deposits in cryptocurrency to his account with F as and when required to complete some of the tasks.

To do this, Mr B transferred money from his account with another business to Revolut, before making payments to third party individuals selling cryptocurrency (peer to peer purchase). The purchased cryptocurrency was then sent to wallets as instructed by his account manager at F. Mr B thought he was adding cryptocurrency to his account with F as the balance increased accordingly.

When he was unable to withdraw his wages and commission and instructed to top up his account with more money to complete the tasks, Mr B realised he'd fallen victim to a scam.

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 October 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.

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's limited previous account history, as was the case here given the account had rarely been used in the year leading up to the first disputed transaction, 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 taken additional steps when Mr B authorised the first disputed transaction of £17.12 on 17 October. Or for that matter, the subsequent transactions which were made over the course of the next few days. The individual amounts ranged between £14 and £1,739. The transactions weren't *that* unusual in value such that I think they ought to have triggered.

It's important to note that although Mr B had been purchasing cryptocurrency, Revolut couldn't reasonably have known that given these were peer to peer cryptocurrency purchases. But Revolut did more than I would expect – it made further enquiries about some of the payments and provided a scam warning based on the risk it was able to identify. So, I consider it responded proportionately.

Mr B's representative has already acknowledged that he wasn't honest with Revolut when it sought to identify the scam risk involved. The investigator noted, and I agree, that the available evidence shows Mr B was being guided by the scammer on how to answer the questions about the payment purpose.

In response to the investigator's assessment, Mr B's representative has said it believes the scam could have been uncovered had there been a direct intervention and had Revolut specifically asked why multiple payments to the same payee were being sent. But the representative appears to have missed the point about Mr B being guided by the scammer on how to answer Revolut's questions.

Even if I were to agree that at some point Revolut should have carried out a direct intervention (just to be clear, that's not my finding here), on balance, I'm persuaded that Mr B would have sought the scammer's help in answering any questions put to him by an agent. Therefore, I'm not convinced that the scam could have been uncovered like his representative has suggested.

Thinking next about the recovery of payments, given Mr B legitimately bought cryptocurrency from individual sellers (who were unlikely to have been involved in the scam) before sending

it on to the scammer, it's unlikely recovery would have been successful. This is because services were rendered by the recipients of Mr B's payments. I don't think Revolut could or should have taken further steps to recover funds from cryptocurrency sellers.

In summary, I recognise that Mr B will be disappointed with this outcome. I'm sorry that he fell victim to such a cruel scam. But I have to consider whether Revolut could have prevented the scam from happening. Having given this a lot of thought, as set out above, it wouldn't be fair of me to hold Revolut liable for Mr B's losses.

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 15 January 2025.

Gagandeep Singh
Ombudsman