

The complaint

Mr P is unhappy that Revolut Ltd (Revolut) won't refund the money he lost after he fell victim to a scam.

What happened

I'm not going to cover all the points raised in detail here. The view of 23 May 2024 covered the detailed timeline of the transactions and the details of Mr P's testimony. But briefly, in October 2023 Mr P fell victim to a task-based job scam.

Our investigator did not uphold the complaint. She felt that, whilst Revolut ought to have done more before processing the payments, she ultimately didn't think better intervention from Revolut would have made a difference with Mr P making the payments.

Mr P, via a third-party representative, said that he chose the most relevant reasons for the payment purpose, and it is for Revolut to provide a more suitable payment selection.

As the complaint could not be resolved informally, it's been passed to me for a 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.

Having done so, I've reached the same conclusion as our investigator broadly for the same reasons.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

It's important to highlight that with cases like this I can't know for certain what has happened. So, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

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 (2017) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulatory 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 October 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 and as was the case here);
- 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.

Should Revolut have recognised that Mr P was at risk of financial harm from fraud?

I'm mindful that the account had only been opened recently and there had been limited activity. There's also a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction.

That said, Revolut did in fact intervene on the first two payments for £953.14 and £1,522.75 – so recognised the transactions carried a heightened risk of financial harm from fraud. So, it's just a question of whether it did enough in the circumstances.

The FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.

Revolut has had warnings in place for some time. It has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning. So, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored effective warnings relevant to that scam.

Revolut did ask a series of automated questions designed around the payment purpose Mr P selected (he selected 'as part of an investment' followed by 'gains from cryptocurrency') and it provided a scam warning tailored to those responses. Although that warning wasn't specific to Mr P's circumstances, there wasn't an option to select "as part of a job opportunity" or something similar that matched the payment purpose here.

Although the payments didn't appear to go directly to cryptocurrency – Mr P's response to Revolut's questions indicated that investing in cryptocurrency was involved. Revolut should also have been mindful that cryptocurrency scams have become increasingly varied over the

past few years. Fraudsters have increasingly turned to cryptocurrency as their preferred way of receiving victim's money across a range of different scam types, including 'romance', impersonation, investment scams as well as job scams. Our service has seen an increasing number of similar scams to this one in the last year and Revolut ought to have been aware of this risk.

Taking that into account, I am satisfied that, by October 2023, Revolut ought to have attempted to narrow down the potential risk further. I'm satisfied that when Mr P made the payments Revolut should have provided a scam warning tailored to the likely cryptocurrency related scam Mr P was at risk from. It could have for example asked a series of automated questions designed to narrow down the type of cryptocurrency related scam risk associated with the payment he was making.

In this case, Mr P was falling victim to a 'job scam' – he believed he was making payments in order to receive an income. Given that Revolut was aware of job scams by this point, I'd have expected Revolut to have included this option in the series of questions and answers it asked Mr P. And I'd expect any such associated warning to have covered off key features of job scams. For example, making payments to gain employment, being paid for 'clicks', 'likes' or promoting products and having to pay increasingly large sums without being able to withdraw any money. That said I acknowledge that any such warning relies on the customer answering questions honestly and openly.

I also agree that by the time Mr P made the third payment for £3,651.01, Revolut ought to have done more than it did. This was the third transaction in quick succession within hours of the previous payment to the same payee. Revolut did in fact stop the payment and it took three working days for it to be processed. I've seen no evidence of any further questioning or intervention during the period in which this final payment was held back. There was a substantial amount of opportunity for human intervention within the in-app chat function during this period. But the conversation Revolut had with Mr P centred around the fact that the payment had been stopped and how long it would take before it processed it. So, I agree with the investigator there was an opportunity for Revolut to do more here too.

And whilst I think that a proportionate response to the risk would have been for Revolut to have intervened and ask further/more probing questions, had it done so, I'm not persuaded that would have prevented Mr P's loss. I'll explain why.

Would better intervention have prevented the losses Mr P suffered?

I have concluded that Revolut ought to have done more before processing the payments being made in this case. Mr P insists that better intervention from Revolut would have prevented his losses.

But even if Revolut had done more and provided Mr P with an option to select 'a job opportunity' or asked better more probing questions in the in-app chat, I'm not persuaded this would have prevented Mr P's losses. I say this because, I'm not persuaded Mr P would have selected 'a job opportunity' as a payment purpose (which would have led to a relevant warning) or disclosed the true payment purpose during the in-app chat. I say this because:

- In his linked complaint where he made payments before and after the ones in question here, there was an option to choose 'paying to earn money by working online' as a payment purpose. But Mr P didn't choose this option and instead Mr P selected the payment purpose as 'family and friends'.
- When the investigator asked Mr P, via his representative, why he selected the

payment purpose 'paying for an investment' in this case, he replied: "this is what the scammers told him it was actually for" – suggesting he thought this was an investment rather than a job opportunity.

- During the conversation in the in-app chat, Mr P indicated to Revolut on more than one occasion that the final payment was going to a friend. Mr P told us, via his representative, that the scammers told him the payment would go through faster if this option was selected.

I appreciate Mr P may have been guided by the scammer – but this made it much harder for Revolut to identify the actual scam Mr P was falling victim to.

I think given Mr P's actions and responses to the questions he was asked, its unlikely further or better intervention, would have made a difference. I'm not persuaded Revolut would have exposed the scam with further proportionate intervention or questioning.

Revolut has confirmed that Mr P made them aware of the situation on 6 November 2023. It states that in an attempt to recover the funds it contacted the receiving bank on the same day Mr P reported the matter. However, this was deemed unsuccessful on 13 November 2023. This is not unusual as scammers usually remove fund within hours.

I know that this scam has had a significant impact on Mr P and I'm sorry that he's been the victim of a cruel scam. However, I've explained that while I think Revolut should have done more here, I need to consider whether its failure to do so, on the balance of probabilities, caused some of Mr P's loss. And for the reasons set out above, I don't think it has.

My final decision

My final decision is that I do not 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 2 September 2024.

Kathryn Milne
Ombudsman