

## **The complaint**

Ms E complains that Revolut Ltd won't refund money she lost when she was the victim of a scam.

A representative who I will call "F" complains on behalf of Ms E.

## **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 and based on everything sent by both parties, I understand it to be as follows.

In September 2023 Ms E fell victim to a scam after she was contacted by a recruiter via an instant messaging app offering her a job opportunity.

Ms E was looking for a job at the time so believed the offer to be genuine. In order to earn money she was told she would need to complete tasks and add money to a platform as though she was buying items. She would then earn a commission, and once all tasks had been completed, she would be able to withdraw her commission, along with the money she had deposited to "buy" the items.

Ms E was also told to open up a Revolut account, which she did successfully. Between 15 September and 1 November 2023 Ms E made multiple payments totalling around £15,000.

Ms E said while making the payments she received pop up notifications, and the "recruiter" advised her on how to answer the questions asked.

Ms E took out loans to fund the scam and it was only when she was told she couldn't withdraw any funds unless she deposited a very large payment that she realised something was wrong. At this point she became suspicious and was removed from a group chat. All communication with the scammer ceased, and Ms E realised she had fallen victim to a job scam.

In January 2024, F complained to Revolut on behalf of Ms E and said they should have intervened when she made a larger payment on 20 September as it was out of character. They said Revolut failed to ask open probing questions, and had they intervened properly, they would have been able to identify the characteristics of a job/task scam. They said Revolut also would have been able to note that Ms E was struggling mentally and financially and was therefore vulnerable, and they outlined why the scam would have been convincing to her.

F said Ms E searched the company name online beforehand and couldn't see any negative reviews or information to suggest they weren't genuine. And that it appears as though the scammer was impersonating a legitimate company which is registered on Companies House with positive online reviews. Among other things, Ms E was also able to withdraw returns

early on, and spoke with an agent and a customer services department, making the scam more believable.

Revolut responded and said that in relation to the transfers, there had been scam-prevention warnings in place when the payments were made and that when some of the payments were flagged as suspicious, they asked Ms E numerous questions about what they were for and whether she was being pressured into making them. On each occasion, Revolut said Ms E chose to proceed.

Regarding the card payments, Revolut confirmed they raised seven chargeback claims following the scam being reported. They explained the chargebacks weren't successful as the payments were money orders. They said that once a money order is processed the service is considered to have been provided as described. Therefore they were not able to dispute the transactions.

In relation to recovery, Revolut said they weren't made aware of the scam until 2 January 2024 and that while they launched a request to freeze and retrieve the funds from the beneficiaries' bank accounts, they were reliant on the cooperation of the beneficiaries - and although they can try to recover funds, it's not guaranteed.

Ms E remained unhappy and so F brought her complaint to our service on her behalf.

Our Investigator looked into everything and was of the opinion that overall, Revolut could have provided more tailored warnings as they should've identified the payments were being made directly to a crypto-currency exchange. However, given the answers that Ms E had provided when questioned by Revolut, our Investigator was of the view that more tailored warnings wouldn't have made a difference, and it was likely Ms E would have answered any other questions in such a way, to reassure Revolut and allow the payments to be processed.

This is because our Investigator had seen copies of the messages sent between Ms E and the scammer, showing that she was being told how to answer the questions put to her by Revolut (with Ms E following their instructions). Because of this, it was difficult for Revolut to take any further action or be certain she was falling victim to a scam.

Our Investigator also considered recovery but unfortunately, there wasn't any reasonable prospects here. And so he concluded that Revolut weren't responsible for Ms E's loss.

F disagreed. They said Revolut should have asked open-ended probing questions to expose the scam, that the payments to one firm should have been blocked as they were listed on the IOSCO register, and that Ms E was unable to choose a specific reason for the payments as there wasn't one relating to carrying out a job.

Our Investigator considered the points made. He said that while he agreed further probing questions could have been asked, it was clear that the scammer was telling Ms E what to say to each question asked. He therefore wasn't persuaded that any further intervention would have made a difference.

F still disagreed and so the complaint has been passed to me for review.

### **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 agree with the outcome reached by the Investigator and for similar reasons. I know this will come as a disappointment to Ms E, so I want to explain why I've reached the decision I have.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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 September - November 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.

In this case, I agree that Revolut ought to have recognised that Ms E was at heightened risk of financial harm from fraud when making the payments, especially as a lot of them were being made to a crypto platform. However, I don't think any further proportionate intervention would have prevented the loss. I say this because I can see that Ms E was provided with warnings for multiple payments, and each time provided Revolut with inaccurate information in order to process them. She also had a payment purpose review conversation with an agent twice, but still made the payments.

Revolut have said that their fraud system was triggered on five occasions. From the evidence provided, I can see that for the payments that triggered, Revolut asked Ms E for the purpose, and she selected either "Pay for a family member or friend" or "something else", rather than what Revolut say was more aligned to what she was doing which was "As part of an investment".

While I acknowledge the reasons chosen weren't accurate, I also note the argument made by F that there wasn't an option relating to a job of any kind, and I'm not persuaded that "As part of an investment" was accurate either. So I don't think it was unreasonable for Ms E to choose "Something else" and I believe Revolut should have provided better warnings relating to crypto, as they could see the payments were being made to a crypto platform.

In any event, the reasons chosen didn't alter the subsequent responses given by Ms E when she was questioned about the payments further, and so I don't think having different payment reasons would have made a difference here – as, ultimately, I think she was sadly under the spell of the scammer.

Once Ms E had provided the purpose of the payments, Revolut said she would have been presented with warnings suitable for the reason selected, one of which said "Your transaction has been flagged by our system as a potential scam. To continue, we need to ask you some questions." Ms E received a brief questionnaire and after answering, was provided with more tailored warnings.

Following this, the information provided by Revolut shows that Ms E would have been presented with a risk agreement where she acknowledged that she was informed about the risks of carrying out the transactions.

For one payment, a specialist agent spoke to Ms E via the in-app chat, and it was confirmed that the payment had been declined automatically by the system.

I can see that Revolut gave Ms E warnings about the sophisticated techniques that scammers use to lure customers into complex scams. One of which said "Fraudsters are professionals. They'll trick you into sending them money by pretending to be someone you trust. They can make their calls, emails and advertisements seem legitimate." The agent also asked Ms E if she was being pressured to make the payment/s, but Ms E said that she wasn't.

After a "payment purpose review" on one payment, Revolut say their support team told Ms E that she needed to return to the app to review the details of the transfer taking into account all of the warnings provided. Ms E reviewed the details of the transaction and proceeded with the transfer.

Overall, given some of the payments were flagged by Revolut, additional warnings were provided along with educational information regarding scams, and multiple in-app chat conversations took place, I am not convinced that any further intervention would have led Ms E to answer any questions accurately and honestly. The screenshots of her conversation with the scammer show that unfortunately, she had the scammer walking her through, telling her what to say at each stage.

Because of this, on balance, I think it's most likely she would've answered any further questions in a similar way to how she answered the questions that were presented to her. This, in turn, would've reassured Revolut that Ms E was making the payments for legitimate purposes.

F have mentioned that one of the firms Ms E made payments to was listed on the IOSCO register for some time before the payments were made, and therefore the payments should have been blocked. Because of this I have looked at the warnings listed on the IOSCO register and the FCA website.

On the FCA website, there is a warning saying this firm should be avoided. However, this warning was updated on 8 October 2023 and generally we would expect a business like

Revolut to put any measures into place within a month of warnings going live. And so, I wouldn't reasonably have expected the measures (in relation to this updated warning) to have been in place by the time Ms E made her payments.

The IOSCO register mentions multiple warnings as well, however prior to 2023 the warnings were more around the firm operating without registration. I wouldn't expect Revolut to block payments based on this warning alone (as it was a well-known crypto platform and most crypto related activities are unregulated in the UK), and I don't feel it would be reasonable to expect them to have put measures in place by the time Ms E made the payments to the firm in question.

Because of this, I'm not persuaded that Revolut should have blocked the payments made to this merchant.

While I appreciate Ms E was following what she thought was a legitimate job process, the information she provided Revolut prevented them from identifying that she was falling victim to a job scam. Despite this, Revolut did provide warnings that were tailored to the reasons she gave for the payments. They also intervened and spoke with Ms E. And while I believe the warnings should have been more tailored to crypto payments, and their intervention could have been better at times, Ms E failed to respond accurately to the warnings she was given, and proceeded with the transfers as she was so heavily under the spell of the scammer. Because of this, I can't fairly and reasonably hold Revolut responsible for Ms E's loss.

### *Recovery*

I also need to consider whether Revolut did enough after being advised of the scam, to try and recover the funds.

In relation to the payments that Ms E made to a crypto platform in her own name, these wouldn't have been recoverable as she had already sent the money to the scammer.

As some of the payments were made by debit card the chargeback process is also relevant here. The chargeback scheme is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the merchant or merchant acquirer can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

We would only expect Revolut to raise a chargeback if it were likely to be successful. Based on the available evidence in this case, it's not likely that any claim would have succeeded. I say this because in relation to the debit card payments, Ms E's disagreement is with the scammer and not with the crypto exchanges. It would not have been possible for Revolut to process a chargeback claim against the scammer, as Ms E did not pay them directly. Revolut could only have processed chargeback claims against the recipient of the payments, that being the crypto exchanges.

It follows that I don't think Ms E had any reasonable prospect of success if Revolut were to have processed chargeback claims against the crypto exchanges because the payments were money orders. Once a money order is processed, the service is considered to have been provided.

Regarding the payments made to different individuals, Revolut have said they were only made aware of the scam in January 2024 (and I haven't seen anything to show otherwise). At this point, they launched a request to freeze and retrieve the funds from the beneficiary's bank account, but unfortunately, said no response was received.

Given the amount of time that passed between the payments being made and the scam being reported, I'm satisfied Revolut did all they could once they were made aware of the scam, and I don't believe there was any realistic prospect of recovering the funds as they are generally withdrawn almost immediately after receipt.

It follows that I don't think Revolut is responsible for the funds not being recoverable.

Overall, while I strongly empathise with Ms E and what she has been through, I don't think Revolut is responsible for the loss she has suffered. So, while I know this will come as a disappointment to Ms E, I don't think Revolut have acted unfairly by not refunding her.

### **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 Ms E to accept or reject my decision before 10 April 2025.

Danielle Padden  
**Ombudsman**