

## **The complaint**

Miss J complains that Revolut Ltd won't refund money she lost when she fell victim to an employment scam.

Miss J is being represented by solicitors in this complaint.

## **What happened**

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

The complaint concerns six transactions totalling £6,326 which Miss J made in July 2023 in connection with a job opportunity with a company "A", who reached out to her on an instant messaging service. Miss J understood that the job involved completing 'tasks' assigned to her on A's platform which were in relation to product reviews. She was told she could earn wages through commission and a basic salary. When she couldn't withdraw her wages, Miss J realised that she'd fallen victim to a scam.

Miss J's Revolut account was opened as part of the scam. It was explained to her that she needed to make deposits in cryptocurrency into her account with A as and when required to complete some of the tasks. To make that deposit, Miss J transferred money from her account with another business to Revolut, before sending it on to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent to cryptocurrency wallets as instructed by the scammer. At the time, Miss J believed she was making deposits into her account with A, given its account balance went up by the same amount.

After reporting the scam to Revolut, Miss J was able to recover some of the payments – three transactions totalling £1,291 – through the chargeback scheme. Therefore, the loss being claimed is £5,035.

## **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. It's not in dispute that Miss J authorised the payments in question.

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 July 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,
- 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), and
- 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 no previous account history, as was the case here, 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 Miss J authorised the first disputed transaction of £50. Or for that matter, the next four transactions which ranged between £130 and £1,111. I accept that these were identifiably cryptocurrency related. But buying cryptocurrency is a legitimate exercise. Miss J's representative appears to be in agreement that these transactions didn't warrant an intervention.

I'm satisfied that Revolut ought to have recognised that the next, sixth and last, transaction – £4,500 – carried a heightened risk of financial harm from fraud. I say this because by then a pattern of increased cryptocurrency related spending had begun to emerge. By July 2023, there had been widespread coverage in the media about increased losses to cryptocurrency investment scams.

The investigator thought that a proportionate response at the time would have been for Revolut to have had a 'human' intervention to make enquiries. This is because prior to the sixth payment, Revolut had declined several attempted payments to the same merchant for the same amount due to fraud concerns.

But I think it's arguable whether Revolut's intervention at the time of the sixth transaction should have taken the form of a direct human interaction. In an attempt to resolve this complaint informally, I initially wrote to Miss J's representative and explained that although Revolut had picked up the transaction as suspicious, it wasn't for the same reason the investigator and I think it ought to have. I said Revolut was concerned about the source of funds, and it contacted Miss J to verify that information before unblocking her account (which ultimately enabled her to make the sixth payment).

I explained that in the circumstances, given the payments weren't declined due to heightened risk of financial harm to Miss J, I think a written warning tailored to the most common type of cryptocurrency scams – investment scams – would have been a

proportionate response to the risk identified from the increased cryptocurrency related spending when she authorised the sixth payment. But as Miss J wasn't sending payments in connection with an investment – she understood she was using the cryptocurrency platform to deposit funds into her account to spend with her 'employer' – I'm not satisfied that the kind of warning I would have expected at that time (setting out the typical hallmarks of cryptocurrency investment scams) would have resonated with her.

Miss J's representative didn't agree and said that there should have been a direct intervention. I've considered it's comments but, much for the same reasons as before, my finding on this point remains unchanged.

Even if I were to conclude that there ought to have been a direct intervention, I'm not persuaded that it would have positively impacted Miss J's decision-making. The instant messaging correspondence between Miss J and the scammer shows that she was being coached on what to say when a payment she made from her main bank to Revolut was flagged for additional checks. Miss J doesn't seem to question why she was being advised not to mention cryptocurrency when responding to the bank's questions. I accept that the same cover story is unlikely to have worked with Revolut, given that the payments were identifiably cryptocurrency related. But it's not unreasonable to assume that the scammer would likely have provided a different cover story, knowing very well that Revolut would have been able to tell that the transaction was identifiably cryptocurrency related.

The chat correspondence also shows that Miss J turned to the scammer when Revolut declined the payments prior to payment six and requested additional information to verify the source of funds. The scammer guided Miss J on how to answer Revolut's questions. Therefore, had there been a direct intervention at the time of the sixth payment for the reasons I think it ought to have flagged, I'm more persuaded that Miss J would have discussed Revolut's questions with the scammer. And it's most likely that they would have told her how to answer those questions.

It is also worth noting that when Miss J's attempts to send payments through Revolut didn't work (because of the block Revolut placed), and subsequently the merchant also placed a block on the deposit function on her account, Miss J shared the merchant's message with the scammer. What happened next is that the scammer suggested Miss J to try a different cryptocurrency exchange, and she followed this suggestion through. It's unclear whether she managed to purchase cryptocurrency through that exchange – it seems Miss J was using a different bank account due to the block placed by Revolut – but this shows that she followed the scammer's advice to find a different way to make a deposit into her account with A.

So, had there been a direct intervention at the suggested trigger point, based on the available evidence, I think it's more likely than not that Miss J would have sought the scammer's advice and would have been coached into reassuring Revolut that everything was above board.

Thinking next about the recovery of payments, these were card payments. So, the recovery avenue would have been limited to chargeback. Revolut raised a chargeback on the disputed transactions. Three were successful, and others defended by the merchant. Given that the payments went to a cryptocurrency exchange and the service requested was provided, namely conversion of fiat money into cryptocurrency, I don't think Revolut could or should have taken further steps.

In summary, I recognise that Miss J will be disappointed with this outcome. I understand that the scam has had a significant impact on her mental and financial wellbeing. I'm sorry that she fell victim to such a cruel scam. But I have to consider whether Revolut could have

prevented the scam from happening. Having given this some thought, as set out above, it wouldn't be fair of me to hold Revolut liable for her 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 Miss J to accept or reject my decision before 16 October 2024.

Gagandeep Singh  
**Ombudsman**