

The complaint

Miss C complains Revolut Ltd won't refund the £3,845 she lost as part of a job scam.

Miss C is being supported in making her complaint by a representative, but for ease, I'll refer to Miss C throughout this decision.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In January 2024 Miss C unfortunately fell victim to a task-based job scam. As part of the scam, she was advised to open accounts with legitimate crypto exchanges (which I'll refer to here as 'K' and 'B'). To access the job tasks and withdraw her earnings, Miss C made the following card payments:

Date	Amount	Payee
23 January 2024	£730	'K'
23 January 2024	£1,250	'K'
24 January 2024	£1,865	'B'
Total loss:	£3,845	

None of these payments flagged with Revolut as suspicious. But a further payment to 'B' for £1,400, which Miss C attempted to make on 24 January 2024, was declined by Revolut. After initiating several fraud warnings to Miss C and speaking to her about the payment; Miss C realised she'd been the victim of a scam.

Miss C reported the matter to Revolut. Essentially, Revolut said it had acted proportionally and appropriately. And that it had promptly tried to recover any potential losses by way of a Visa chargeback claim as soon as the scam was brought to its attention. Revolut didn't therefore believe it should be held liable for Miss C's losses.

Unhappy with Revolut's response, Miss C referred her complaint to the Financial Ombudsman. She didn't think Revolut had done enough to protect her, so she wanted her money returned, together with 8% interest and £300 compensation.

One of our Investigators considered the complaint but didn't uphold it. In summary, he said Revolut was right to have intervened in the £1,400 payment. But he didn't think the other three payments were unusual or suspicious enough to have triggered Revolut's fraud prevention systems.

Our Investigator also thought there was nothing more Revolut could do to recover the lost funds given Miss C had purchased crypto from 'K and 'B' – albeit as part of a scam. Miss C disagreed and asked for an Ombudsman's final decision. She said the payments should've been flagged by Revolut. In particular, she said her previous account activity and the fact she made two payments to two different crypto exchanges in the same day should've alerted Revolut to the possibility she was being scammed.

Miss C also thinks the payments should've flagged with Revolut as part of its anti-money laundering checks.

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 and for largely the same reasons. I'll explain why.

But first, I would like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Revolut was responsible for Miss C's loss.

In line with the Payment Services Regulations 2017 (PSRs), the starting position is that Miss C is liable for payments she authorises – and Revolut generally would be liable for unauthorised payments taken from her account.

There has been no dispute that Miss C made the payments herself. So, although she didn't intend the money to go to the scammers, under the PSRs Miss C is presumed liable for her loss in the first instance.

In broad terms, the starting position in 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 PSRs 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 January 2024 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.

Revolut did intervene in the last attempted payment and successfully prevented the loss of those funds (£1,400) and any further loss to the scam. By the time of this payment, Miss C had transferred over £5,000 to two different crypto exchanges in just over 24 hours. And so, I think Revolut's intervention here was proportionate to the risk it rightly identified.

The point for me to therefore consider is whether any of Miss C's previous three payment instructions – taken either individually or collectively - were particularly unusual or suspicious to have required earlier intervention from Revolut. I also need to decide if Revolut could've reasonably recovered the lost funds once it was alerted to the scam.

Should Revolut have intervened in the payments?

When considering this point, I've kept in mind that EMIs process high volumes of transactions each day, and that there is a balance for Revolut to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate.

Miss C has maintained that her account activity in January 2024 was significantly different to the way she used her account in the previous 12 months. I've given that point careful thought.

I should first explain that out of character account usage alone doesn't automatically indicate that a person is at risk of financial harm. Revolut can't reasonably be expected to carry out additional checks on all transactions of this nature. But instead, it needs to take proportionate steps to protect customers from the identifiable risk. And in Miss C's case, I don't think there was enough for Revolut to have had sufficient concern that she was at risk of financial harm from fraud.

I'll explain what I mean by that in more detail.

The value of the initial payment (£730) was not at a level that I would've expected Revolut to have considered unusual or high risk. And while the payment went to a crypto exchange ('K'), again, I don't think this ought to have given Revolut cause for concern. I'm mindful that customers of Revolut can purchase and trade crypto through its application for legitimate purposes. So, I don't think it would appear unusual for a customer to use their account to purchase crypto. I don't therefore think Revolut ought to have intervened in Miss C's initial payment.

Similarly, the second payment (£1,250) was not, individually, at a level that I would consider high risk. This payment is to the same payee as the first payment ('K') and whilst I accept that this amount is higher than payments made from Miss C's account in the previous 12 months; it isn't unusual for customers to make larger payments from their accounts from time to time as part of normal account activity. Nor do I think this payment, when combined with the £730 payment made around five hours earlier, is of a monetary value whereby I'd expect Revolut to be concerned.

The third payment is to a new payee ('B') and has increased in value from the second payment, albeit not significantly. I accept that these can be possible indicators of financial risk. But the £1,865 payment, both individually and collectively with the previous two payments, is still not of a value I'd expect Revolut to reasonably flag as suspicious.

This payment was also made a day after the previous two payments – payments which Revolut wasn't concerned about. This arguably made the £1,865 payment appear in line with Miss C's recent normal account activity.

In addition, Miss C received a credit into her account from 'K' on 22 January 2024 for £111.23, further reinforcing the legitimacy of the crypto related payments. So, on balance, and in the circumstances of this complaint, I don't think Revolut acted unreasonably in not flagging the £1,865 payment as suspicious.

Miss C has also mentioned that the payments themselves, together with the credits into her account to fund the payments to 'K' and 'B', should've raised money laundering concerns. On that point I'd say there's not been any suggestion Miss C was undertaking illegal activities in respect of money laundering. And so, I can't reasonably conclude that Revolut failed to fulfil its regularity obligations in this regard.

Taking all this into account I'm not persuaded that Revolut missed an opportunity to prevent Miss C's loss in respect of the first three payments.

Did Revolut do enough to try and recover the lost funds?

I understand that Miss C is also disappointed that Revolut has been unable to recover her lost funds. But given the circumstances, I don't think Revolut acted unfairly.

Miss C's payments were made to 'K' and 'B', legitimate crypto exchanges, rather than to the scammer directly. Revolut disputed the transactions through the card scheme as soon as it was aware of the scam, but this was rejected on the basis that the payments were authorised by Miss C. Any further claim against 'K' or 'B' would've likely been successfully defended on the basis that they provided the service Miss C paid for – the exchange of funds into crypto. So, I don't think there was any reasonable prospect of Miss C recovering her money this way.

I have a great deal of sympathy for Miss C and the loss she's suffered, as I appreciate it is a significant sum of money. But it would only be fair for me to direct Revolut to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Revolut has acted fairly in the circumstances of this complaint and so I'm not going to tell it to do anything further.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision **before 26 September 2024**.

Anna Jackson
Ombudsman