

The complaint

Mr L complains that Revolut Ltd ('Revolut') won't refund the money he lost to a job scam.

He's being represented by a firm of solicitors. To keep things simple, I'll refer to Mr L throughout this decision.

What happened

The background to this complaint is known to both parties, so I won't repeat all the details here.

In summary, Mr L says that he was contacted on a messaging *app* about a job opportunity by someone (a scammer) claiming to work at a well-known recruitment company. He was then told about a part-time job opportunity for a marketing company (I'll call 'H').

For the job itself, it was explained his role would be to complete sets of tasks to 'optimise apps' for H and improve its rankings. To make the scam more convincing he was given access to a fake 'work' account which allowed him to see his 'tasks' and 'earnings' (and seemed genuine). He was also added to a 'customer services' group for support if needed.

As part of the process, he was required to deposit his own funds to keep his 'work' account in a 'positive balance'. These funds were paid in cryptocurrency which he bought through his account with a legitimate crypto-platform (I'll call 'B'). It was this cryptocurrency that was sent from his crypto-platform and lost to the scam.

He realised he'd been scammed when he tried to make a withdrawal but was given further sets of 'tasks' to complete and repeatedly told he needed to pay more to clear the 'negative balance' before he'd receive any money. By the time that he spoke with his sister, who confirmed his suspicions he'd been scammed, over £25,000 had been lost to the scam.

Below are the transactions I've considered as part of this complaint. To note, part of the scam was funded by a loan Mr L took out on 3 July 2023 with a separate lender.

	Date	Time	Type of transaction	Payee	Amount
1	29-Jun-23	12:09	Card payment	B	£85
2	30-Jun-23	10:52	Card payment	B	£50
3	01-Jul-23	9:32	Card payment	B	£200
4	02-Jul-23	11:11	Card payment	B	£100
5	02-Jul-23	11:47	Card payment	B	£1,000
6	02-Jul-23	12:14	Card payment	B	£3,000
7	02-Jul-23	12:31	Card payment	B	£3,000
8	02-Jul-23	15:27	Card payment	B	£915
9	02-Jul-23	15:49	Card payment	B	£50
10	04-Jul-23	15:52	Card payment	B	£5,000

11	04-Jul-23	15:54	Card payment	B	£4,900
12	04-Jul-23	23:3	Card payment	B	£5,000
13	04-Jul-23	23:36	Card payment	B	£2,600

The scam was reported to Revolut in July 2023. A complaint was later raised and referred to our Service. Our Investigator considered it and upheld it. In short, he said that while Revolut should have provided Mr L with a written warning (tailored to cryptocurrency investments scams) on Payment 6, he didn't consider such a warning would have resonated given the nature of this particular scam. But he also thought Revolut ought to have questioned Mr L directly about the circumstances of Payment 11 and that, if it had, then the scam would have likely been unravelled at that point. He said Revolut should refund from Payment 11, plus interest, minus a 50% reduction to take into account Mr L's own contributory negligence.

Mr L accepted the Investigator's outcome. Revolut didn't. In summary it has said:

- Revolut is bound by contract, applicable regulations, and the common law to execute Mr L's valid payment instructions. The transactions were authorised by Mr L and, under the relevant regulations, it must process the payments promptly. The card payments were authorised through 3DS. The first payment triggered an alert and Mr L was required to confirm it was him making the transaction. Mr L failed to carry out due diligence into what he'd been offered and was negligent in not acting on the red flags and borrowing funds.
- It recognises its obligations to put adequate procedures to counter the risk that it may be used to further financial crime (and has such systems in place) but that duty doesn't go as far as requiring Revolut to detect and prevent all fraud, particularly for authorised customer instructions. The duty to execute valid payment instructions doesn't require Revolut to assess the commercial wisdom or potential loss of a proposed transaction. This was confirmed by the Supreme Court in *Philipp v Barclays Bank UK plc [2023]*.
- The payments from Mr L's account don't fall under the Contingent Reimbursement Model ('CRM Code') of which it's not a signatory. And the reimbursement rules don't apply. It shouldn't be required to refund 'self-to-self' payments, where it's only an intermediate link and there are typically other authorised banks and financial institutions in the chain which aren't being held liable but had more data than Revolut. There's no rational explanation as to why it should be held responsible for all, most, or 50% of a loss in such scenarios where the transactions are 'self-to-self'.
- The scam was funded by payments which originated from Mr L's external bank and then sent on to accounts he controlled. The scam didn't occur on its platform and the funds were lost further in the chain. It's appropriate to consider the evidence, such as warnings issued, from third-parties to establish a clearer understanding of events. It may also be applicable for the Financial Ombudsman to inform Mr L it may be appropriate for him to make a complaint against another respondent firm if necessary.

As the matter couldn't be resolved informally, it's been passed to me to decide.

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 conclusions as the Investigator and for similar reasons.

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 (the 2017 regulations) and the terms and conditions of the customer's account. And, as the Supreme Court reiterated in *Philipp v Barclays Bank UK PLC*, subject to some limited exceptions, banks have a contractual duty to make payments in compliance with the customer's instructions.

In that case, the Supreme Court considered the nature and extent of the contractual duties owed by banks to their customers when making payments. Among other things, it said, in summary:

- The starting position is that it is an implied term of any current account contract that, where a customer has authorised and instructed a bank to make a payment, it must carry out the instruction promptly. It is not for the bank to concern itself with the wisdom or risk of its customer's payment decisions.
- At paragraph 114 of the judgment the court noted that express terms of the current account contract may modify or alter that position. In *Philipp*, the contract permitted Barclays not to follow its consumer's instructions where it reasonably believed the payment instruction was the result of APP fraud; but the court said having the right to decline to carry out an instruction was not the same as being under a legal duty to do so.

In this case, the terms of Revolut's contract with Mr L modified the starting position described in *Philipp* by (among other things) expressly requiring Revolut to refuse or delay a payment "*if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*" (section 20).

So Revolut was required by the terms of its contract with Mr L to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's (FCA) Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly.

I'm satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.

In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.

I must also take into account that the basis on which I'm required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R.

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable, on the basis set out at DISP 3.6.4R, I consider that Revolut should, at the time of these payments, have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

In reaching the view that Revolut should have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances, I'm mindful that in practice all banks and EMI's like Revolut did in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;¹
- requiring consumers to provide additional information about the purpose of transactions during the payment authorisation process;
- using the confirmation of payee system for authorised push payments;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

For example, it's my understanding that, by June 2023, Revolut, whereby if it identified a scam risk associated with a card payment through its automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example, through its *in-app* chat).

I'm also mindful that:

- EMIs like Revolut are required to conduct their business with “*due skill, care and diligence*” (FCA Principle for Businesses 2), “*integrity*” (FCA Principle for Businesses 1) and a firm “*must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems*” (FCA Principle for Businesses 3)².
- Over the years, the FCA, and its predecessor the FSA, have published a series of publications setting out non-exhaustive examples of good and poor practice found when reviewing measures taken by firms to counter financial crime, including various iterations of the “*Financial crime: a guide for firms*”.
- Regulated firms are required to comply with legal and regulatory anti-money laundering and countering the financing of terrorism requirements. Those requirements include maintaining proportionate and risk-sensitive policies and procedures to identify, assess and manage money laundering risk – for example through customer due-diligence measures and the ongoing monitoring of the business relationship (including through the scrutiny of transactions undertaken throughout the course of the relationship). I don't suggest Revolut ought to have had concerns about money laundering or financing terrorism here. I nevertheless consider these requirements relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.
- The October 2017, BSI Code³, which a number of banks and trade associations were involved in the development of, recommended firms look to identify and help prevent transactions – particularly unusual or out of character transactions – that could involve fraud or be the result of a scam. Not all firms signed the BSI Code (Revolut was not a signatory), but the standards and expectations it referred to represent a fair articulation of what was, in my opinion, already good industry practice in October 2017 particularly

¹ For example, Revolut's website explains it launched an automated anti-fraud system in August 2018: https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fourfold_reduction_in_card_fraud_and_had_offers_from_banks/

² Since 31 July 2023 under the FCA's new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

³ BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

around fraud prevention, and it remains a starting point for what I consider to be the minimum standards of good industry practice now (regardless of the fact the BSI was withdrawn in 2022).

- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency when considering the scams that its customers might become victim to. Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. And, increasingly, we have seen the use of an EMI (like Revolut) as an intermediate step between a high street bank account and cryptocurrency wallet.
- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).

Overall, 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 that, at the time of these payments, 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); 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 and 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.

Whilst I'm required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I'm satisfied that to comply with the regulatory requirements that were in place in June 2023, Revolut should in any event have taken these steps.

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

There's no dispute Mr L was scammed, nor that he authorised the card payments to his account with a legitimate cryptocurrency platform (from where his funds were sent and lost to the scam). I'm also aware cryptocurrency platforms generally stipulate that the card used to purchase cryptocurrency on their platform must be held in the name of the account holder,

as must the account used to receive cash payments from the exchange. Revolut would likely have been aware of this fact too. So, it could have reasonably assumed that most of the disputed payments would be credited to a cryptocurrency wallet held in Mr L's name.

But, by June 2023, firms like Revolut had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since. They reached record levels in 2022.

During that time, cryptocurrency was typically allowed to be purchased through many high street banks with few restrictions. By the end of 2022, however, many high street banks had taken steps to either limit their customer's ability to purchase cryptocurrency using their accounts or increase friction in relation to cryptocurrency related payments, owing to the elevated risk associated with such transactions. And by June 2023, further restrictions were in place. This left a smaller number of payment service providers, including Revolut, that allowed customers to use their accounts to purchase cryptocurrency with few restrictions. These restrictions, and the reasons for them, would have been well known in the industry.

I recognise that, as a result of actions of other payment service providers, many customers who wish to purchase cryptocurrency for legitimate purposes will be more likely to use the services of an EMI (like Revolut). I'm also mindful a significant majority of crypto-purchases made using a Revolut account will be legitimate and not related to any kind of fraud (as Revolut has told us). However, our Service has also seen numerous examples of customers being directed by fraudsters to use Revolut accounts to facilitate the movement of a victim's money from their high street bank to a cryptocurrency provider – a fact Revolut is aware of.

So, taking into account all of the above, I'm satisfied that by the end of 2022, prior to Mr L's payments, Revolut ought, fairly and reasonably, to have recognised its customers could be at an increased risk of fraud when using its services to buy cryptocurrency, notwithstanding that a payment would often be made to a cryptocurrency wallet in the customer's own name. And, considering all the above, and in light of the increase in multi-stage fraud, particularly involving cryptocurrency, I don't think the fact the disputed payments in this case were going to an account in Mr L's name should have led Revolut to believe there wasn't a risk of fraud.

I've therefore considered, taking account of what Revolut knew about the payments, at what point, if any, it ought to have identified Mr L might be at a heightened risk of fraud.

Like the investigator, I don't think there was enough about Payments 1-5 for Revolut to have intervened on suspicion of a heightened risk of fraud, considering their values and the spending pattern. And while I agree that Payment 6, given its value and destination, ought to have triggered a written warning, highlighting key aspects of cryptocurrency investment scams (more commonly affecting customers at the time), I don't think such a warning would have likely resonated with Mr L given the circumstances of the scam he was falling victim to.

Payment 11, however, was again of significant value. It marked a notable increase in the daily spend on an account which had typically been used for much lower value transactions. It was also the second crypto-related payment to the same payee that same day and made minutes after the previous one. In my view, considering all these factors and what Revolut knew about the payee, there was enough for it to have been concerned Mr L might be at a heightened risk of financial harm from fraud. And, in line with good industry practice and regulatory requirements, I think it's fair and reasonable to conclude a proportionate response to the risk presented at that time would have been for it to have questioned Mr L directly about the circumstances of that payment (for example, through its *in-app* chat).

If Revolut had attempted to establish the circumstances surrounding Payment 11, would the scam have come to light and Mr L's losses prevented?

I've thought carefully about whether such an intervention would have likely prevented Mr L's further losses in this case – and, on balance, I think it would have.

I'm satisfied if Mr L had told Revolut he'd recently been contacted by an individual who was, for example, instructing him to send funds in cryptocurrency as part of a job which offered a significant income for 'clicking' through 'tasks' online and for which there was no contract; that he was being told to deposit his own funds to earn that income; and that he was having to pay higher amounts during the process, then Revolut would have likely recognised he was likely falling victim to a scam. And I'm not convinced Mr L would have continued making payments after a clear warning about what his particular situation looked like.

In reaching this view, I've looked carefully through the messages Mr L exchanged with the scammer. I've seen nothing to suggest he'd have likely misled Revolut if he'd been asked about what he was doing as part of a live intervention. I've not seen anything to suggest he was told or agreed to disregard its warnings and no indication he expressed mistrust of Revolut or other financial institutions. And, following our enquiries, I've not seen anything to show Mr L was provided with any relevant warnings by the firm from which the money into Revolut originated. In other words, on balance, I think it's likely he'd have been upfront about what was happening if questioned and I don't consider the circumstances here were such that Revolut would have found it difficult to break the 'spell' through a human intervention.

Is it fair and reasonable for Revolut to be held responsible for Mr L's losses?

In reaching my decision about what's fair and reasonable, I've taken into account that Mr L first moved money from his account with another bank, to his account with Revolut, and then to a cryptocurrency platform in his name before the funds were lost to the scam.

But, as I've set out, I think Revolut still should have recognised Mr L may have been at risk of fraud at Payment 11 and that in those circumstances it should have declined the payment and contacted him about what he was doing. If it had taken those steps, I think it would have prevented Mr L's further losses. The fact that the money used to fund the scam came from elsewhere and/or wasn't lost at the point it was transferred to Mr L's account doesn't alter that fact. And I think Revolut can fairly be held responsible for Mr L's losses in such circumstances. I don't think there is any point of law or principle that says a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Mr L has only complained against Revolut. I accept it's *possible* other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Mr L could instead, or in addition, have sought to complain against those firms. But Mr L has not chosen to do that and I can't compel him to. In the circumstances, I can only make an award against Revolut. As I've mentioned, I have nevertheless considered any possible interventions carried out by the sending bank when deciding what's fair and reasonable in this case – and, again, I've not seen anything to show Mr L was given (and ignored) any warnings relevant to his situation at the time.

I'm also not persuaded it'd be fair to reduce Mr L's compensation in circumstances where he's only complained about one firm from which he's entitled to recover his losses in full; he hasn't complained against other firms (so is unlikely to recover any amounts apportioned to those firms); and where it's appropriate to hold a firm responsible (like Revolut) when it could have prevented the loss and is responsible for failing to do so. That isn't, to my mind, wrong in law or irrational but reflects the facts and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and, for the reasons I've set out above, I'm satisfied it would be fair to hold Revolut responsible for Mr L's losses from Payment 11 (subject to a deduction for Mr L's own contribution which I'll go on to below).

For completeness, I note Revolut's comments that the mandatory reimbursement scheme doesn't apply and that the payments didn't fall in scope of the CRM code. I don't seek to treat Revolut as if it were a signatory either. But I'm not persuaded any of these things mean I can't consider whether Revolut failed to act fairly and reasonably in this case. I've given my reasons for finding Revolut should have done more to protect Mr L from fraud and that, if it had, it's likely he wouldn't have lost more money. I'm satisfied it's fair to hold Revolut responsible for Mr L's losses in those circumstances.

Should Mr L bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

As noted above, the Investigator upheld Mr L's complaint and concluded the refund payable by Revolut can be reduced by 50% to account for Mr L's contributory negligence towards his losses. Mr L accepted that outcome, so I'll only briefly explain why I agree with this position.

I appreciate the contact from the scammer might not have been unexpected. And I realise there were relatively sophisticated aspects to this scam, such as the platform used to show the apparent 'earnings' and 'tasks' and him being added to a 'customer services' chat for support if needed. But, at its heart, the scam appears to have been fairly implausible.

There was no contract or paperwork about the job itself. I also can't overlook that while Mr L was offered the chance to earn money, he was asked to deposit his own money, to pay more during the process, and reached a stage where he borrowed funds. I can't see he was given a particularly plausible explanation as to why he had to finance the 'job' or why he needed to make deposits in cryptocurrency. I think all this would strike most people as unusual and I note there did come a point when Mr L himself recognised something wasn't quite right with what he was being asked to do. To be clear, I don't imagine he continued paying into what he knew was a scam. But I think if he'd have acted more cautiously, in light of the red flags, he'd have realised he was being scammed and stopped payments sooner than he did.

In the circumstances, weighing up the role both parties to the case played in what happened, I think liability for Mr L's losses can fairly and reasonably be shared equally and the refund payable by Revolut reduced by 50%.

Could Revolut have done anything to recover Mr L's money?

All the disputed payments were card payments to Mr L's cryptocurrency platform. Mr L then sent that cryptocurrency to the scammer. I'm satisfied there was little Revolut could have done to recover those funds by the time that the matter was reported. And it's unlikely a chargeback would have had any prospect of success given there's no dispute Mr L was provided with the cryptocurrency which he subsequently sent and lost to the scammer.

Putting things right

For the reasons I've given, I uphold this complaint and direct Revolut Ltd to:

- Refund the payments Mr L lost to the scam from (and including) Payment 11 onwards.

- Reduce this amount by 50% in recognition of Mr L's contributory negligence.
- Pay 8% simple interest per year on this amount, calculated from the date of the payments to the date of settlement, less any tax lawfully deductible.

My final decision

For the reasons I've given, I uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 23 May 2025.

Thomas Cardia
Ombudsman