

## The complaint

Mr B 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 B 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 B says:

- He was looking to make some extra money and, in April 2023, came across an online advert for a job opportunity. He completed an enquiry form and was contacted by someone (a scammer) claiming to work for a legitimate hospitality business. For the job itself, it was explained his role would be to complete sets of 'tasks' for rating hotels to improve their customer base – and that he'd receive commission for that work.
- He was assigned an 'account manager' and was given access to a fake 'work' account which allowed him to see his 'tasks' and 'earnings' and seemed genuine. To make the scam more convincing he was also added to a group chat with other 'members' who posted about the money they were making. As part of the process, he was told to deposit his own funds to keep his 'work' account in a 'positive balance'. These were paid in cryptocurrency (which he bought through his account with a legitimate crypto-platform). It was this cryptocurrency that was sent from his crypto-platform and lost to the scam.
- He realised he'd been scammed when he asked to make a withdrawal but was instead assigned another set of 'tasks' and was again told he needed to pay more funds before he'd receive any money. By that time over £13,000 had been sent to the scam during April and May 2023. Below are the transactions I've considered as part of this complaint.

	Date	Time	Method	Payee	Amount
1	11-Apr-23	15:25	Card payment	Binance	£51
2	12-Apr-23	13:23	Card payment	Binance	£65
3	12-Apr-23	14:25	Card payment	Binance	£43
4	12-Apr-23	14:53	Card payment	Binance	£30
5	13-Apr-23	13:03	Card payment	Binance	£106
6	13-Apr-23	13:44	Card payment	Binance	£202
7	13-Apr-23	14:07	Card payment	Binance	£80
8	13-Apr-23	14:55	Card payment	Binance	£280
9	14-Apr-23	15:13	Card payment	Binance	£512
10	14-Apr-23	15:45	Card payment	Binance	£1,778
11	29-Apr-23	14:23	Card payment	Binance	£1,400
12	12-May-23	09:58	Card payment	Binance	£2,000

13	12-May-23	11:16	Card payment	Binance	£1,356
14	12-May-23	17:57	Card payment	Binance	£5,000
15	12-May-23	17:58	Card payment	Binance	£400

The scam was reported to Revolut on 13 May 2023. A complaint was later raised and referred to our Service. Our Investigator considered it and upheld it.

In summary, he said that while Revolut should have provided Mr B with a warning (tailored to cryptocurrency investments scams) on Payment 13, he wasn't persuaded such a warning would have unravelled the scam. But he also thought Revolut ought to have questioned Mr B directly about the circumstances of Payment 14 – and that, if it had, then the scam would have likely been unravelled. He said Revolut should refund from Payment 14 onwards, plus interest, minus a 50% reduction to take into account Mr B's own contributory negligence.

Mr B accepted the Investigator's outcome. Revolut didn't and made further representations. In summary it has said:

- The fraudulent activity didn't take place primarily on its platform. The funds were sent to Mr B's account with Binance and then lost. The account was newly opened. There was no data on which to determine normal account activity, and there was no information to indicate Mr B was making payments under duress. There were no signs of vulnerability and Mr B didn't do enough to protect himself by carrying out sufficient due diligence.
- Revolut is bound by contract, applicable regulations, and the common law to execute Mr B's valid payment instructions. The transactions were authorised by Mr B and, under the relevant regulations, it must process the payments promptly.
- 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 B's account don't fit the definition of APP fraud or fall under the Contingent Reimbursement Model ('CRM Code') of which it is not a signatory. And the reimbursement rules don't apply. It shouldn't be required to refund 'self-to-self' payments, where it is only an intermediate link and there are typically other authorised banks and financial institutions in the payment chain which aren't being held responsible but had more data than Revolut. There's no rational explanation as to why it's responsible for all, most, or 50% of a loss in such scenarios where the transaction is 'self-to-self'.

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 decided to uphold it for largely the same reasons as the Investigator.

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 B 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 B 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;<sup>1</sup>
- 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 April 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)<sup>2</sup>.
- 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 Code<sup>3</sup>, 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

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<sup>1</sup> 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/](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/)

<sup>2</sup> 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.

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

of what was, in my opinion, already good industry practice in October 2017 particularly 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 April 2023, Revolut should in any event have taken these steps.

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

It isn't in dispute Mr B was scammed, nor that he authorised the card payments to his cryptocurrency platform (from where his funds were sent and lost to the scammer).

I'm aware that 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 B's name.

But by April 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 April 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 cryptocurrency 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 fraud 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 B'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 B'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 B might be at a heightened risk of fraud that merited its intervention.

Like the investigator, I don't think there was enough about Payments 1-12 for Revolut to have intervened on suspicion of a heightened risk of fraud, considering their values, the spending pattern, and that the account was newly opened so there was limited information on which to assess the risk presented. And while I think it's arguable Payment 13 ought to have triggered an automated warning, highlighting some 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 B given the nature of this particular scam.

Payment 14, however, was of significant value, higher than earlier payments, and marked a significant increase in the daily spend. It was also the third cryptocurrency-related payment to the same payee that same day. In my view, considering these factors and what Revolut knew about the payee, there was enough for it to have been concerned Mr B 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 would have been for it to have questioned Mr B directly about the circumstances of that payment (for example, through its *in-app* chat).

*If Revolut had attempted to establish the circumstances surrounding Payment 14, would the scam have come to light and Mr B's losses prevented?*

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

I'm satisfied if Mr B had told Revolut he'd recently been in contact with an 'account manager' 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 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 B would have continued making payments after a clear warning about what his particular situation looked like.

In reaching this view, I've thought carefully about the significance of Mr B being guided by the scammer on the option to select in relation to a withdrawal on his crypto-platform. But I'm not persuaded that's enough, given also the options Mr B was presented with, to say he'd have likely misled Revolut if he'd been questioned as part of a live intervention. I've not seen anything in his messages with the scammer to suggest he was told, or agreed to, mislead Revolut about what he was doing or to disregard its warnings. I've found no indication he expressed mistrust of Revolut. And, following our enquiries, I've not seen anything to show Mr B was provided with any relevant warnings by the firm from which the money into Revolut originated. I'm also mindful Mr B has said he'd developed trust in the scammer and believed the opportunity was genuine. But I don't consider the circumstances here were such that Revolut would have found it difficult to break the 'spell' through a human intervention.

In other words, I don't consider Mr B was so taken in by the scammer to the extent that he wouldn't have paid attention to a warning from Revolut. I've seen nothing to show he was given relevant warnings by other firms. And, on balance, if Revolut had questioned Mr B directly, I think it's likely he'd have been upfront about what was happening and, following a warning about what his situation looked like, wouldn't have sent more money to the scam.

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

In reaching my decision about what's fair and reasonable, I've taken into account that Mr B 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 B may have been at risk of fraud at Payment 14 and that in those circumstances it should have declined the payment and contacted Mr B about what he was doing. If it had taken those steps, I think it would have prevented Mr B'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 B's account does not alter that fact. And I think Revolut can fairly be held responsible for Mr B's loss 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 B 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 B could instead, or in addition, have sought to

complain against those firms. But Mr B has not chosen to do that and, ultimately, I can't compel him to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it'd be fair to reduce Mr B'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 (such as 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 of the case 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 B's losses from Payment 14 (subject to a deduction for Mr B's own contribution which I'll consider below).

For completeness, I note Revolut's comments on the definition of APP fraud, that the mandatory reimbursement scheme doesn't apply, and the card 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 B 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 B's losses in those circumstances.

#### *Should Mr B 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 B's complaint and thought Revolut should refund him from (and including) Payment 14. He also concluded the refund payable by Revolut can be reduced by 50% to account for Mr B's own contributory negligence towards his losses. Mr B accepted that outcome. I'll nevertheless explain why I agree with this position.

I appreciate Mr B says he was looking for extra income and the contact from the scammer might not have been unexpected. I note he says the scammer came across as genuine and knowledgeable. And I realise there were relatively sophisticated aspects to this scam, such as the platform used to manage the apparent 'earnings' and 'tasks' and him being added to a group chat where others messaged about their successes.

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 he was offered the chance to earn money he was asked to deposit his own funds and to pay more during the process. 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 that there were enough red flags that ought to have led Mr B to have acted more cautiously than he did. In the circumstances, weighing up the role both parties to the case played in what happened, I think liability for Mr B'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 B's money?

All the disputed payments were card payments to Mr B's cryptocurrency platform. Mr B then sent that cryptocurrency to the scammer. I'm satisfied there was little Revolut could have done to recover those funds. And it's unlikely a chargeback would have had any prospect of success given there's no dispute Mr B 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 B lost to the scam from (and including) Payment 14 onwards.
- Reduce this amount by 50% in recognition of Mr B's contributory negligence.
- Pay 8% simple interest per year on this amount, calculated from the date of the payments to the date of settlement, minus 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 B to accept or reject my decision before 11 April 2025.

Thomas Cardia  
**Ombudsman**