

## **The complaint**

Mrs W complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs W was the victim of a job scam. She was contacted via Telegram by someone who I'll refer to as "the scammer" who claimed to work for a company which I'll refer to as "G". The scammer told Mrs W about job opportunity which required her to review hotels. They explained she would be required to pay for tasks, and that she would receive a commission upon completion of each 'set'.

Mrs W was told to open a Revolut account, which she did on 13 May 2023, confirming the purpose of the account as 'scheduling payments, purchase protection, spending abroad and early salary'. Between 9 November 2023 and 12 November 2023, she made six payments from the Revolut account totalling £32,006.42. The first five payments were faster payments to overseas accounts, and the final payment was a card payment to a cryptocurrency exchange company.

Mrs W received a small amount of commission early on, but she realised she'd been the victim of a scam when the scammer demanded more funds, and she didn't receive any more commission.

She complained to Revolut, but it refused to refund any of the money she'd lost. It said it had sought recovery of the bank transfers on 18 April 2024 and it received confirmation on 20 April 2024 that no funds remained. It said there were no chargeback rights for the card payment because it was 3DS authenticated, and the service purchased was a money transfer to a cryptocurrency exchange provider and the service was completed in full.

It explained Mrs W was given a new payee warning, which she acknowledged before continuing with the transfer. The payment was then blocked, and Mrs W was warned it was high-risk and asked about the purpose of the payment, whether she'd been pressured to make the payment and whether she'd been called unexpectedly. She was then shown educational screens relevant to the type of scam.

Mrs W wasn't satisfied and so she complained to this service, explaining that she'd followed the scammer's instructions regarding the payment reason out of desperation because she'd lost her job.

Responding to the complaint, Revolut cited the Supreme Court's judgment in *Philipp v Barclays Bank UK plc* where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, no enquiries are needed to clarify or verify what the

bank must do. The bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank.

It further explained that the new payee warning cautioned that it may not be able to recover the funds if it is later determined that the beneficiary is fraudulent. Several of the transactions were held and Mrs W received a warning with a questionnaire asking her to confirm the purpose of the transactions. Tailored questions were asked depending on the payment purpose selected and Mrs W was placed into a live chat with an advisor who asked additional questions and told her to be aware of potential scams.

It also explained that for the card payment, Mrs W had the option 'to complete a task on a job hiring process', as the payment purpose and if she'd selected the correct option, it would have provided a more suitable warning.

On 13 November 2023, the account was restricted and an in-app chat conversation was initiated where it asked Mrs W tailored questions to address the potential risks, including whether she'd downloaded AnyDesk, whether she'd been advised to create a Revolut account, whether she'd learned about an investment opportunity on social media, whether she'd received any unsolicited calls asking her to move money to a safe account and whether she was buying cryptocurrency. Mrs W said there was no risk and asked it to remove the restrictions from the account.

Revolut explained that Mrs W's responses suggested there was no risk present and she continued to send funds to the scam despite detailed questioning and advice. And it was likely she'd have continued to do so had it intervened further.

It also said Mrs W failed to meet her due diligence obligations and had she conducted reasonable due diligence, she'd have realised she was being scammed. She didn't question why she was being asked to make payments in cryptocurrency for a job she was expecting to be paid for or why she wasn't given any employment documents, and the unethical nature of the job opportunity and the untruthful information provided when questioned suggest further intervention wouldn't have provided a better outcome.

Our investigator didn't think the complaint should be upheld. She thought Revolut ought to have been concerned about the second transfer because it was the second payment for over £3,000 that Mrs W had made to the same, newly added payee within approximately two hours, and the cumulative value of the payments was higher than previous payments on the account.

Our investigator noted Revolut had intervened when Mrs W made the first payment and when she was asked to provide a payment purpose, she stated it was to 'buy or rent goods or services'. It also asked her a series of questions and provided a written warning before contacting her via its in-app chat facility where she was given scam education to ensure she knew how to check the legitimacy of the goods/services she was purchasing and advice on how to protect herself from financial harm.

Our investigator felt that Mrs W's responses during the live-chat were evasive, and Revolut should have asked her more probing questions about the circumstances of the payment. But, based on the outcome of interventions by another bank, she didn't think this would have made any difference. She explained that Bank S had provided a recording from a call dated 8 November 2023 when Mrs W was asked probing questions about a payment she was making from that account. Mrs W had said she was sending money to an account in her own name so she could purchase something online. When asked what she was buying, she said "Am I obliged to say that?" before stating, "I'm trying to buy ladies underwear". Our

investigator concluded that if Revolut had questioned Mrs W further on 9 November 2023, its most likely she'd have responded in the same way, so it wouldn't have detected the scam. Finally, she was satisfied that Revolut had taken steps to recover the funds, but no funds remained. And she wasn't entitled to any compensation because Revolut had acted fairly and reasonably.

Mrs W has asked for her complaint to be reviewed by an Ombudsman.

### **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'm sorry to hear that Mrs W has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I've thought about whether Revolut could have done more to recover the card payment when Mrs W reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Ms K).

Mrs W's own testimony supports that she used a cryptocurrency exchange to facilitate the payment. Its only possible to make a chargeback claim to the merchant that received the disputed payment. It's most likely that the cryptocurrency exchange would have been able to evidence they'd done what was asked of them. That is, in exchange for Mrs W's payment, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against the cryptocurrency exchange was fair.

I'm satisfied Mrs W 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Mrs W is presumed liable for the loss in the first instance. There's no dispute that this was a scam, but although Mrs W didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these

payments were part of a wider scam, so I need to consider whether it did enough when Mrs W made the payments.

The first payment flagged as suspicious and in addition to a new payee warning, Mrs W was asked questions and provided a written warning before being asked further questions via Revolut's in-app chat facility. She was also told how to check the legitimacy of the goods/services she was purchasing and advice on how to protect herself from financial harm. Mrs W indicated that she wanted to go ahead, and the payment was released.

I'm satisfied that Revolut's response was proportionate to the risk presented by the payment and that it was prevented from correctly identifying the scam type because of the payment reason Mrs W gave. Our investigator felt Mrs W's responses in the live-chat were evasive and should have prompted further, more probing questions to more clearly establish the purpose of the payment. I agree it could have done more, but, based on her responses to more probing questions from Bank S (detailed above), I don't think better questioning from Revolut would have changed the outcome.

Mrs W has said her broker told her which payment reason to select and that the responses she gave to Bank S were "due to desperation at the time of the transaction" and while I understand why she followed the scammer's advice, the fact she did so prevented Revolut from providing relevant scam education and means I don't think better questioning would have detected the scam or prevented her loss. So, I can't ask it to do anything to resolve this complaint.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mrs W to part with her funds. I haven't found any errors or delays to Revolut's investigation, so I don't think she's entitled to any compensation.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery.

I'm sorry to hear Mrs W has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 26 November 2024.

Carolyn Bonnell  
**Ombudsman**