

The complaint

Ms L complains that Revolut Ltd won't refund several payments she says she made and lost to a scam.

What happened

The background to this complaint is well-known to both parties, so I won't repeat it in detail here. But in summary and based on the submissions of both parties, I understand it to be as follows.

Ms L complains that from 04 November 2023 she made five payments to what she thought was a legitimate job.

Payment 1	04 November 2023	£170
Payment 2	04 November 2023	£970
Payment 3	21 November 2023	£1,500
Payment 4	25 November 2023	£1,500
Payment 5	26 November 2023	£1,365
		£5,505

Ms L says she searched for employment online and left her details with an agency. Ms L says she then got approached about a job leaving reviews and ratings for hotels, which she accepted.

Ms L says she was told by the scammer that funds had to be added to her online account to allow access to luxury deals, which earned higher commission of up to 15%.

After sending five payments, Ms L realised she'd been scammed. So, she logged a complaint with Revolut.

Revolut looked into the complaint but didn't uphold it. It didn't think it had done anything wrong by allowing the payments to go through. So, Ms L brought her complaint to our service.

Our investigator looked into the complaint but also didn't uphold it. As Ms L didn't agree with the investigator's view, the complaint's been passed to me for a final decision.

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 come to the same outcome as the investigator for largely the same

reasons. I'll explain why.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

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.

But, taking into account relevant law, regulator's 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 November 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;
- 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.

But here, having considered the amount of money sent to the scammers, I agree with the investigator when she said that these payments wouldn't look sufficiently out of character given their size and spacing, and reasonably wouldn't have triggered Revolut's payment checking process. Although there are two payments made in the same day, they still don't amount to a value that I think should have triggered any of Revolut's payment checking systems.

Since 1 January 2023 I'd expect Revolut to have attached greater risk to crypto-related payments like this but still, given that not all crypto-related payments are made as a result of a scam, and given the amount the payments were for that was identifiably going to a crypto exchange, this still doesn't persuade me that Revolut reasonably ought to have been expected to have intervened.

I understand Ms L had two payments declined. The first payment flagged and Revolut wanted to check it was Ms L who was authorising the transaction, which it was. The second payment that declined was due to insufficient funds. So, I'm satisfied Revolut didn't miss any opportunity here to enquire further about the payments or that it needed to in the circumstances.

Ms L's representative has said Revolut should've picked up on the fact Ms L was a vulnerable individual. I'm sorry to hear Ms L's been unwell. I've thought about this point carefully, but it doesn't change the outcome I've reached. As I don't think Revolut missed an opportunity to intervene and speak to Ms L, I'm satisfied it also didn't miss an opportunity to spot any vulnerability.

I appreciate Ms L has raised the CRM code, but this wouldn't apply to her payments in any event because the CRM code doesn't apply to card payments - plus Revolut isn't signed up to the CRM code.

I've also checked the official organisations that publish warnings about merchants that operate in the UK and abroad, to check if there were any warnings about who Ms L paid that ought to have triggered Revolut's fraud prevention systems. I've searched the Investor Alerts Portal of the International Organization of Securities Commissions ("IOSCO"), the international body that brings together the world's securities regulators. And the FCA (as the UK regulator) also has its own warning list, which is in place to share alerts and insight about merchants that have been identified as potentially being fraudulent or at risk of scamming individuals. There were no such warnings about the merchant Ms L paid. So, this is another reason why I don't think the payments ought to have been automatically stopped or triggered any warnings by Revolut.

Recovery

Ms L made the payments to a legitimate crypto exchange account. The only potential avenue for recovery of these card payments would have been through the chargeback scheme. But I'm satisfied that claims were unlikely to have been successful.

Ms L paid a legitimate crypto exchange, and she would've received a service from the crypto exchange. Ms L's disagreement is with the scammers, not the crypto exchange. And so, it would not have been possible for Revolut to process chargeback claims against the scammer, as Ms L did not pay them directly. So, I don't think Ms L had any reasonable prospect of success if Revolut were to have processed chargeback claims against the crypto exchanges.

Ms L feels that Revolut should refund the money she lost due to the scam. I understand that this will have been frustrating for her, but I've thought carefully about everything that has happened, and with all the circumstances of this complaint in mind, I don't think Revolut needs to pay Ms L any compensation. I realise this means Ms L is out of pocket and I'm really sorry Ms L's lost this money. However, for the reasons I've explained, I don't think I can reasonably uphold this complaint.

My final decision

My final decision is that I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 24 December 2024.

Tom Wagstaff
Ombudsman