

The complaint

Mr V complains that Revolut Ltd won't refund the money he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. However, in brief, Mr V fell victim to a fake job scam after he was contacted on a messaging app – I will call the scammer 'C'.

C told Mr V that he would be paid for completing a number of tasks, but he would also have to pay in funds to the task platform periodically, using cryptocurrency, to unlock more tasks and to receive his salary. Mr V realised he had been scammed when C continued to pressure him to pay more into the platform without allowing him to withdraw his 'salary'.

Mr V made 6 payments to two crypto exchanges. The funds were exchanged into crypto and were then sent on to the scammer. These transactions took place between August and November 2023 and totalled over £5,000.

Our investigator upheld the complaint because they thought that Revolut should have intervened during a transfer of £1,123.50, made on 21 November 2023. He thought this because the crypto exchange to which the funds were sent had an FCA warning a month prior to this. He thought that, at this point, a tailored written warning should have been provided setting out the main features of job scams and that this would have stopped Mr V from sending any further payments to the scammer. He also thought that Mr V should share liability for his loss.

Revolut disagreed, and made a number of points including the following in summary;

- The point of loss was not with Revolut so it should not be liable
- The payments were not unusual given the type of activity Revolut usually see on accounts given that it is an EMI.
- We should liaise with other parties in the chain to ensure that there were no interventions to establish what would have happened in Revolut intervened.

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.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, regulators' rules, guidance and standards, and codes of practice; and, where appropriate, I must also take into account what I consider to have been good industry practice at the time.

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.

And, as the Supreme Court has recently 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 V modified the starting position described in *Philipp*, by 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”*.

So Revolut was required by the implied terms of its contract with Mr V and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately¹. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in November 2023 fairly and reasonably 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 (irrespective of whether it was also required by the express terms of its contract to do so).

¹ The Payment Services Regulation 2017 Reg. 86 states that “the payer’s payment service provider must ensure that the amount of the payment transaction is credited to the payee’s payment service provider’s account **by the end of the business day following the time of receipt of the payment order**” (emphasis added).

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 am mindful that in practice all banks and EMI's like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;²
- 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.

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, I am also mindful that:

- Electronic Money Institutions 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)
- 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 do not suggest that Revolut ought to have had concerns about money laundering or financing terrorism here, but I nevertheless consider these requirements to be relevant to the consideration of Revolut's obligation to monitor its customer's accounts and scrutinise transactions.

² 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_/

- 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 (and Revolut was not a signatory), but the standards and expectations it referred to represented a fair articulation 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).
- Since 31 July 2023, under the FCA's Consumer Duty⁴, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was *"consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"*⁵.
- 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.

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 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;

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

⁴ Prior to the Consumer Duty, FCA regulated firms were required to "pay due regard to the interests of its customers and treat them fairly." (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

⁵ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

- 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, 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.

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

I think the first 4 payments were so small that even if Revolut had reviewed the payments on Mr V's account, they wouldn't have seemed unusual or out of character based on the previous transactions on Mr V's account. Also, whilst I accept that there were multiple payments in one day, the payments were fairly small (based on the payment history for Mr V's account). So I don't think that they should have necessarily caused any concern to Revolut or prompted it to intervene.

That said, I think that the payment of £1,123.50 should have alerted Revolut that Mr V was potentially at risk of financial harm. I say this for the same reason as the investigator. The payment was being made to a crypto exchange that the FCA had specifically warned against people using. I accept that the vast majority of payments to this exchange would have been legitimate. But I still think that questions should have been asked about this payment to check that there was no obvious risk of loss in Mr V making the payment.

What did Revolut do to warn the consumer?

My understanding is that Revolut did not provide a warning.

What kind of warning should Revolut have provided?

I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine and I recognise that there are limitations in the type and frequency of interventions that Revolut can make. I've given due consideration to Revolut's primary duty to make payments promptly.

As I've set out above, the FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers - including acting to avoid foreseeable harm. In practice, this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.

I'm mindful that firms like Revolut have had warnings in place for some time. It, along with other firms, has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.

In light of the above, I think that by November 2023, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored effective warnings relevant to that scam for both APP and card payments.

As I explained earlier in this decision, I understand Revolut did have systems in place to identify scam risks associated with card payments which enabled it to decline payment instructions in order to ask some additional questions and/or provide a warning, before allowing a consumer to make a payment if they decided to proceed with the payment by instructing it again after reading the warning. I understand in relation to Faster Payments, it already had systems in place that enabled it to provide warnings in a manner that is very similar to the process I've described.

I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance. But I consider a firm should, by November 2023, on identifying a heightened scam risk, have taken reasonable steps to attempt to identify the specific scam risk – for example by seeking further information about the nature of the payment to enable it to provide more tailored warnings.

In this case, Revolut knew that the payments were being made to a cryptocurrency provider and its systems ought to have factored that information into the warning it gave. Revolut should also have been mindful that cryptocurrency scams have become increasingly varied over the past few years. Fraudsters have increasingly turned to cryptocurrency as their preferred way of receiving victim's money across a range of different scam types, including 'romance', impersonation and investment scams.

Taking that into account, I am satisfied that, by November 2023, Revolut ought to have attempted to narrow down the potential risk further. I'm satisfied that when Mr V made the payment of £1,123.50, Revolut should – for example by asking a series of automated questions designed to narrow down the type of cryptocurrency related scam risk associated with the payment he was making – have provided a scam warning tailored to the likely cryptocurrency related scam Mr V was at risk from.

In this case, Mr V was falling victim to a 'job scam' – he believed he was making payments in order to receive an income.

As such, I'd have expected Revolut to have asked a series of simple questions in order to establish that this was the risk the payment presented. Once that risk had been established, it should have provided a warning which was tailored to that risk and the answers Mr V gave. I'd expect any such warning to have covered off key features of such a scam, such as making payments to gain employment, being paid for 'clicks', 'likes' or promoting products and having to pay increasingly large sums without being able to withdraw money. I acknowledge that any such warning relies on the customer answering questions honestly and openly, but I've seen nothing to indicate that Mr V wouldn't have done so here.

And as I've set out above (and as Revolut has not disputed) it did have systems in place by November 2023 to provide warnings of a similar nature to the type I've described. So, it could give such a warning and, as a matter of fact, was providing such warnings to other consumers at the relevant time.

If Revolut had provided a warning of the type described, would that have prevented the losses Mr V suffered from the payment of £1,123.50?

I think that a warning of the type I've described would have identified that Mr V's circumstances matched an increasingly common type of scam.

I've read the instant message conversation between Mr V and the fraudsters. That conversation does not suggest the closeness of a relationship that would indicate that Mr V would ignore a warning. I also note that the account provider from which the funds originated did not provide any warnings either. So it is not the case that Mr V had been warned elsewhere about the potential that he was being scammed and chose to ignore such a warning.

Overall, I think that a warning provided by Revolut would have given the perspective Mr V needed, and he would more likely than not have concluded that the scheme was not genuine. In those circumstances I think, he's likely to have decided not to go ahead with the payment of £1,123.50 had such a warning been given.

Is it fair and reasonable for Revolut to be held responsible for Mr V's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Mr V purchased cryptocurrency which credited an e-wallet held in his own name, rather than making a payment directly to the fraudsters. So, he remained in control of his money after he made the payments from his Revolut account, and it took further steps before the money was lost to the fraudsters.

I have carefully considered Revolut's view that, in a multi-stage fraud, a complaint should be properly considered only against either the firm that is a) the 'point of loss' – the last point at which the money (or cryptocurrency) remains under the victim's control; or b) the origin of the funds – that is the account in which the funds were prior to the scam commencing. It says it is (in this case and others) merely an intermediate link – being neither the origin of the funds nor the point of loss and it is therefore irrational to hold it responsible for any loss.

In reaching my decision, I have taken into account that the payments were made to another financial business (a cryptocurrency exchange based in another country) and that the payments that funded the scam were made from other accounts at regulated financial businesses.

But as I've set out in some detail above, I think that Revolut still should have recognised that consumer might have been at risk of financial harm from fraud when they made the payment of £1,123.5 and in those circumstances it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses consumer suffered. 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 consumer's own account does not alter that fact and I think Revolut can fairly be held responsible for consumer's loss in such circumstances. I don't think there is any point of law or principle that says that 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 consumer has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and consumer could instead, or in addition, have sought to complain against those firms. But consumer has not chosen to do that and ultimately, I cannot compel them to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce consumer's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that 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 have set out above, I am satisfied that it would be fair to hold Revolut responsible for consumer's loss from the payment for £1,123.50 (subject to a deduction for consumer's own contribution which I will consider below).

Should the consumer bear any responsibility for their losses?

I've thought about whether Mr V should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint.

I recognise that there were relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's apparent earnings and tasks.

But, at its heart, the scam appears to have been fairly implausible. While I haven't seen and heard everything that Mr V saw, the scammer's explanation for how the scheme worked is implausible and I think Mr V ought reasonably to have questioned whether the activity he was tasked with carrying out (which does not appear to be particularly time-consuming or arduous) could really be capable of generating the returns promised. Or to put it another way, I think Mr V ought to have questioned why an organisation would choose to pay people to carry out tasks that provide such little value or benefit.

Given this, I think he ought reasonably to have had concerns about the legitimacy of the job offered. I also think that there were other things that should have been red flags for Mr V. One of which was the requirement to send funds to acquire the profits he'd supposedly earned.

I also think receiving a job offer, out of the blue, via a mobile messaging service app, should've been seen as unusual to Mr V, and so should have led to him looking more deeply into this job he was apparently being offered.

So, given the overall implausibility of the scam, I think he ought to have realised that the scheme wasn't genuine in those circumstances he should bear some responsibility for his losses.

I've concluded, on balance, that it would be fair to reduce the amount Revolut pays Mr V because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

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

The payments were made to a cryptocurrency provider, into an account in Mr V's own name. It was only when Mr V sent that cryptocurrency on to the fraudsters from his crypto wallet did the loss occur. So, Revolut would not have been able to recover the funds. So, I don't think Revolut should have done anything more to try and recover Mr V's money.

Putting things right

To resolve this complaint, I believe that Revolut Ltd should:

- Refund the payments Mr V lost to the scam from, and including, the payment of £1,123.50, minus any credits received after this point, less a deduction of 50% in recognition of Mr V's own contributory negligence towards his loss.
- Pay 8% simple interest per year on this amount, calculated from the date of loss until the date of settlement, minus any applicable tax.

My final decision

I uphold this complaint in part and require Revolut Ltd to put things right in the way I've set out above, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 22 May 2025.

Charlie Newton
Ombudsman