

The complaint

Mr A complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In November 2023, Mr A received a text message from someone who said they were from a data company with details of a potential job. And as Mr A had been looking for work at the time, he replied. He was told the job involved rating apps online, and that he would be paid a salary plus commission for each set of tasks he completed.

Mr B was shown how to complete the tasks, as well as how to purchase cryptocurrency and send it to an online wallet for the data company in order to pay for some of the tasks he was to complete. He was given access to the company's platform, where he could see his available tasks and the balance he had earned. And, as he appeared to be making a profit, Mr A made a number of payments from his Revolut account to purchase cryptocurrency, which he then sent on to the wallet details he was given for the data company.

I've set out the payments Mr A made from his Revolut account below:

Date	Details	Amount
26 November 2023	To 1 st payee	£695
26 November 2023	To 1 st payee	£1,700
26 November 2023	To 2 nd payee	£1,000
27 November 2023	To 1 st payee	£2,417
27 November 2023	To 3 rd payee	£101

Unfortunately, we now know the data company was a scam. The scam was uncovered after the company asked Mr A for further payments before he could withdraw the money he was told he had earned, and Mr A realised he had been the victim of a scam.

Revolut investigated but said it had shown Mr A sufficient scam warnings before he made the payments, and done everything it could to try to recover the funds. So it didn't agree to refund the money he had lost. Mr A wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mr A and Revolut a provisional decision on 6 September 2024, setting out why I wasn't intending to uphold this complaint. An extract from the provisional decision is set out below:

"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.

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;*
- 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, even if Revolut had recognised that Mr A was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr A was at heightened risk of financial harm from fraud by at least the point he tried to make the fourth payment here, for £2,417 on 27 November 2023. At this point, Mr A had tried to make three payments to a new payee he'd never paid before in just over 24 hours. The payments to this payee were increasing in size, which is a pattern often seen when customers are falling victim to a scam. And Revolut had been told the payments to this payee were related to cryptocurrency which, around this time, I think it should have recognised meant they carried an elevated risk of being related to a scam.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to ask Mr A a series of questions in order to try to establish the actual scam risk, and then to provide him with a written warning relevant to that risk. But, had it done this, I'm not persuaded that it would have prevented Mr A's loss.

Revolut did ask Mr A some questions before the second and third payments he made here.

Before the second payment, for £1,700, Revolut asked Mr A to select the purpose of the payment from a list of options. Mr A selected 'safe account', and Revolut then asked him if he'd been told he been the victim of fraud or to ignore warnings during the payment – which Mr A answered that he hadn't. Revolut then forced Mr A into a chat with one of its agents, who warned him about scams. Mr A replied that the payment was going to his cryptocurrency account and was for cryptocurrency trading – despite him now saying that the payment was for a job he thought he was doing.

The agent then asked Mr A a series of further questions, including whether he'd been pressured to act quickly to avoid missing out on an investment opportunity, if he'd been promised returns that were too good to be true or a guaranteed return, and if he'd been encouraged to invest by someone he didn't know or had only met online recently. And Mr A answered 'no' to all of those questions, despite being told he would receive significant returns for what appeared to be relatively little and relatively straightforward work, and having been introduced to the data company by someone he had recently met.

Before the third payment, for £1,000, Revolut again asked Mr A to select the purpose of the payment from a list of options. Mr A selected 'something else', and Revolut then asked him a series of questions including whether he'd been asked to pay someone he doesn't know or recently met online and whether he'd been asked to pay an upfront fee with the promise of receiving a larger payment later. And Mr A answered 'no' to these questions, despite having been introduced to the data company by someone he had recently met and having been asked to pay upfront in order to earn more commission later.

Revolut then again forced Mr A into a chat with one of its agents, who gave him a general warning about scams and warned him that if he wasn't honest, Revolut couldn't help him and he risked losing his money.

So even if Revolut had asked more open-ended and probing questions to establish the scam risk when Mr A made the fourth payment, I think it's likely he wouldn't have given it accurate information about the purpose of the payment or the circumstances surrounding it and would have ignored any warnings it gave – as happened with the questions he was asked about the earlier payments. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr A from making the payments or losing the money he did.

I appreciate that Mr A has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr A has lost."

I said I'd consider anything further Mr A and Revolut sent in, provided it was received by the deadline given.

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.

Revolut didn't respond to the provisional decision. Mr A responded to say he didn't accept the outcome, but didn't provide any further evidence or arguments.

As neither Mr A nor Revolut submitted any further evidence or arguments to be considered, I still think the conclusions I set out in the provisional decision are correct – and for the same reasons.

I still don't think anything I would reasonably have expected Revolut to have done would have prevented the loss Mr A suffered. And so I don't think it would be fair to require Revolut to refund the money he has lost.

My final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 7 November 2024.

Alan Millward
Ombudsman