

The complaint

Mrs W complains that Revolut Ltd did not refund a series of transactions she lost to a scam.

What happened

Mrs W fell victim to a task-based job scam, after she was contacted via a messaging platform about a remote job opportunity. She was told she had to complete a certain number of tasks before she could withdraw her commission. Certain combination tasks cost money to complete but earned more commission. To fund these, Mrs W opened an account with Revolut and with a cryptocurrency wallet. She made the following card payments to cryptocurrency exchanges as well as a transfer to an individual to purchase cryptocurrency, before forwarding the cryptocurrency onto the scammer:

Date	Amount	Payment type
28/05/2023	£500	Card
28/05/2023	£8,439.75	Transfer
28/05/2023	£1,200	Card

Mrs W was asked to pay more and more money and her account with Revolut was frozen following more attempts to make payments, so she spoke with her husband and realised she had been the victim of a scam. She raised a scam claim with Revolut who explained they had acted fairly when they processed the payments and they had restricted her account following concerns over the payments, so they felt they had taken steps to try and protect her.

Mrs W referred the complaint to our service and our Investigator looked into it. They felt that the warnings provided by Revolut were proportionate in the circumstances and that the answers Mrs W gave to their questions were not an accurate reflection of the payment purposes. And they could see Mrs W had also followed the scammer's instruction not to mention cryptocurrency when making payments into Revolut for her third-party accounts. So they did not think Revolut could have revealed the scam in the circumstances.

Mrs W's representative disagreed with the findings. They felt the payments were drastically out of character for Mrs W and that had Revolut intervened appropriately, the scam would have been revealed.

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.

I'm satisfied Mrs W has been the victim of a job scam and I'm sorry she's had to go through this experience. As this complaint is against Revolut and not the scammer, I can only consider their actions in this decision.

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, 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 May 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;
- 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.

I’ve reviewed Mrs W’s statements to see if the scam payments appear sufficiently suspicious to warrant intervention from Revolut. In doing so I note that this was a new account, so Revolut did not have any genuine account activity to compare the scam payments to. While the first and third payments were to identifiable cryptocurrency exchanges, I don’t think the amounts were so significant that Revolut should have referred them for additional questions prior to them being processed. While payments to cryptocurrency can indicate an increased risk level, in this case I don’t think it was so significant that they should have been referred for additional checks.

In-between these payments there was a transfer for £8,439.75 which is a higher value payment. I appreciate that Mrs W’s representatives feel this should have been referred for an in-app chat and they have cited a decision issued by our service for a case they feel is similar. However, each case should be assessed on its own merits, and this is what I have done in this particular case.

When assessing this payment I’ve kept in mind that Revolut is an EMI and not a bank, and so it is more likely customers will use them to make larger, one-off payments. Though this in itself does not mean Revolut does not have to carry out any checks. I think that at the very least, Revolut should have asked Mrs W what the purpose of this payment was so they could provide a tailored warning relevant to her circumstances. However, I also think it could be argued that as this payment was made relatively close to the initial £500 payment to cryptocurrency, and there had been some failed top-ups on the account on the same day, that Revolut should have referred this payment to the in-app chat. I’ve gone on to consider whether a tailored warning or a referral to the in-app chat would most likely have revealed the scam in the circumstances.

In assessing this, I’ve considered all of the evidence available to me. This includes the

communications between Mrs W and the scammer, as well as her interactions with Revolut and the third-party bank that she credited her Revolut account from.

Looking at the communication between Mrs W and the scammer, I can see they advised her not to tell the bank that the payments going to Revolut would be used for cryptocurrency. I've listened to the phone call between Mrs W and her third-party bank when some of the payments to Revolut were stopped for further checks. In this, Mrs W was asked the purpose of the payments and she said they were for a holiday, which did not match the true purpose of the payments. It therefore appears Mrs W followed the instruction of the scammer not to reveal that the payments were being used for cryptocurrency. The call handler also confirmed a scammer would ask her to lie to the bank and that this would be a scam, amongst other general scam warnings. However, following this Mrs W confirmed she was happy for the payments to continue.

On 29 May 2023, the day after the transactions in question, Mrs W attempted a number of transactions to a cryptocurrency exchange from her Revolut account. As a result, her Revolut account was restricted and she was referred to the in-app chat for questions about the payments. In this chat, Mrs W was asked what the payments were for and she confirmed they were going to cryptocurrency. When she was asked if she had been able to withdraw funds from the investment, she confirmed she could and she added that she had been investing in cryptocurrency for a number of months. However, this was incorrect.

Based on this, I think it's more likely that had the payment of £8,439.75 been referred for an in-app chat, Mrs W would have also misled Revolut at that point to hide the true purpose of the payments, as she did with her third-party bank on the request of the scammer. I've considered the point her representative made that she was not given a cover story and it would be more difficult for her to say it was for a holiday this time. However, she was not given a cover story by the scammer for the payments going into her Revolut account, but despite this she was still able to successfully mislead the third-party bank.

Having carefully considered all of the information available to me, I think it is unlikely that Mrs W would have been open and honest about the true purpose of the payments had Revolut questioned her about them, as she was deep under the spell of the scammer at the time. And I don't think Revolut would have been able to identify she was the victim of a job scam in the circumstances, so I don't think they have missed an opportunity to meaningfully reveal the scam.

I can see when Mrs W raised a scam with Revolut they tried to recover the funds from the beneficiary bank, however no funds remained. I've also considered if they should have carried out a chargeback claim on the card payments to cryptocurrency. The chargeback scheme is voluntary and run by the card issuers and not Revolut. Its purpose is to resolve disputes between merchants and consumers. As the merchants in this case provided the service Mrs W had sent the funds for, namely purchasing cryptocurrency, I don't think Revolut had any reasonable grounds to pursue a chargeback claim in the circumstances.

My final decision

I do not uphold Mrs W's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 19 November 2024.

Rebecca Norris
Ombudsman