

## The complaint

Mr B is being represented by a claims manager. He's complaining about Revolut Ltd because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr B fell victim to a cruel job scam. He was approached by somebody on WhatsApp and offered a role with a company that required him to complete tasks to simulate purchases on the company's platform. He was required to pay to access sets of tasks and the cost of these kept increasing. When he tried to withdraw, he was told he needed to pay tax on his earnings and still didn't receive any money after he did this. This is when he realised it was a scam. Mr B made the following payments to the scam:

No.	Date (2023)	Type	Payee	Amount £
1	27 Feb	card	crypto provider 1	600
2	28 Feb	card	crypto provider 1	100
3	1 Mar	transfer	individual 1	200
4	1 Mar	card	crypto provider 1	500
5	2 Mar	transfer	individual 2	4,000
6	2 Mar	transfer	individual 3	1,931.29
7	2 Mar	transfer	individual 3	1,919
8	2 Mar	transfer	individual 3	1,919
9	2 Mar	transfer	individual 3	1,919
10	2 Mar	transfer	individual 3	306.03
11	2 Mar	transfer	individual 3	101
12	17 Mar	transfer	crypto provider 2	5,000
13	17 Mar	transfer	crypto provider 3	7,000
14	17 Mar	transfer	crypto provider 4	6,000

Where fees were charged by Revolut, I've included these in the payment amounts quoted above. I understand the payments to individuals were peer-to-peer purchases of cryptocurrency. Mr B also made a payment of £500 to cryptocurrency provider 2 on 1 March, but this was refunded in full straight away and I haven't included it in the above table.

Our investigator recommended the complaint be partly upheld. He felt Revolut should have contacted Mr B to discuss the purpose of payment 9 and, if it had done so, he felt the scam would have been uncovered and stopped at that point. He proposed Revolut should refund payments 9 to 14 with a reduction to account for Mr B's own contribution to his losses.

Mr B accepted the investigator's assessment. Revolut didn't accept and made the following key points:

- The fraud didn't originate or occur on Revolut's platform and it was only an intermediary in the process. It's irrational to hold it responsible in these circumstances.

- It doesn't owe a duty to prevent fraud and scams and its responsibility for protecting customers has been over-stated.
- It has a duty to execute legitimate payment instructions and its not required to assess their commercial wisdom or any potential for loss, as outlined in the legal case of Philipp v Barclays Bank.
- The recently introduced reimbursement rules wouldn't require it to reimburse in this situation.
- We can't be certain that an intervention of the type described by the investigator would have stopped the scam. This conclusion is based on supposition.
- We should also be considering the actions of Mr B's bank, which is where the above payments originated before they were transferred to Revolut.

The complaint has now been referred to me for review.

### **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 overall conclusions as the investigator, and for broadly the same reasons. In deciding what's fair and reasonable, I'm 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. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts.

In this case, there's no dispute that Mr B authorised the above payments.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Revolut is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

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 B 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*" (Section 20).

So, Revolut was required by the implied terms of its contract with Mr B and the Payment Services Regulations to carry out his 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 immediately<sup>1</sup>. 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 February and March 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).

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;<sup>2</sup>
- 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; and
- 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

---

<sup>1</sup> The Payment Services Regulation 2017 Reg. 86(1) 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).

<sup>2</sup> 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/](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/)

*“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)<sup>3</sup>.

- 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.
- The October 2017, BSI Code<sup>4</sup>, 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).
- 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 February and March 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

---

<sup>3</sup> Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

<sup>4</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

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 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; and
- 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).

Taking these points into account, I need to decide whether Revolut acted fairly and reasonably in its dealings with Mr B.

This analysis is focussed on the situation regarding transfers as this was the nature of the payment where I think Revolut should have been able to stop the fraud for reasons I'll come to. I appreciate the situation is slightly different for card payments but I haven't covered this here as the differences don't affect my view on the outcome of the complaint.

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

One of the key features of a Revolut account is that it facilitates payments that often involve large amounts and sometimes to overseas accounts and cryptocurrency. I'm also conscious this was a new account and there was no history of past activity.

Having considered what Revolut knew about payments 1 to 8 at the time it received Mr B's instructions, I'm not persuaded it ought to have been concerned about them. While there were some payments to cryptocurrency providers, which can indicate a greater risk of fraud, the amounts involved were relatively low. And although the amounts involved in the other payments were higher, these were to individuals and it's not clear that Revolut would have known Mr B was actually purchasing cryptocurrency.

By the time of payment 9, however, Revolut would have seen that Mr B had instructed transfers totalling nearly £12,000 in a single day. And payments 6 to 9 were all instructed within the space of half an hour. With no account history it could point to that suggested this was normal account activity for Mr B, I think this pattern should have led Revolut to conclude he was at risk of harm from fraud.

*What did Revolut do to warn Mr B?*

Revolut has explained that it showed a warning each time Mr B set up a new payee on the account that read:

***Do you know and trust this payee?***

*If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others, and we will never ask you to make a payment.*

Revolut also says that it asked Mr B about the purpose of payments 12 to 14 and also the payment to cryptocurrency provider 2 on 1 March that was returned. Unfortunately, it no longer has a record of Mr B's responses. But it does say that each time it asked this question, Mr B would have been shown a series of dynamic educational stories about fraud and scams.

I've considered these warnings carefully but I think they're generic in nature. They don't speak to any particular type of scam and wouldn't have likely resonated with Mr B as he wouldn't have recognised his own situation. Prior to payment 9, I think this type of warning was reasonable and proportionate. But for the reasons I've said above, I think Revolut should have identified the risk of harm from fraud had significantly increased by the time it received the instruction for payment 9 and that a more robust intervention was required at that point.

*What kind of warning should Revolut have provided?*

Having thought carefully about the risk presented by payment 9, I think a proportionate response to that risk would have been for Revolut to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr B's account. I think it should have done this by, for example, directing him to its in-app chat to discuss the payment further.

*If Revolut had provided a warning of the type described, would that have prevented the losses Mr B suffered from payment 9?*

Revolut has referred to the investigator's conclusion on this point as '*supposition*' and we clearly can't know for certain what would have happened. But, on the balance of probabilities, I think it's more likely than not that an appropriate intervention before payment 9 was processed would have led to the fraud being uncovered and this payment being stopped.

From the evidence provided, including extracts of Mr B's chats with the scammer, I've seen no evidence that he was given a cover story or encouraged to lie to the bank if asked about the purpose of the payments he was making. So, on balance, I think it's likely he would have been honest and explained that he was purchasing cryptocurrency to obtain online work.

If Mr B had given this information, Revolut could have asked more questions and should have been able to recognise the arrangement he was describing had many of the hallmarks of a job scam. It could then have provided a tailored warning listing some of the common features of this type of scam. For example that victims are often approached online by someone they've not met, they don't receive a contract of employment, they're asked to pay for tasks using cryptocurrency, and that the amounts they're asked to pay to access tasks increases over time.

If Mr B had received such a warning, I think he'd have recognised many of the common features of a job scam in his own situation and this would have resonated with him. On balance, I think it's more likely than not that he would have realised at this point that he had fallen victim to a scam and he would have told Revolut not to continue with the payment. I think it follows that if the scam had been uncovered at the point of payment 9, payments 10 to 14 would also have been prevented.

*What about the actions of Mr B's bank?*

This was a multi-stage fraud that saw Mr B move money from his bank to Revolut and then eventually onto the scammer. This complaint is about Revolut and it's not appropriate for me to comment here on whether or not the bank should have identified he was at risk of harm from fraud and whether it reacted proportionately. But to obtain a full picture of what took place, we have contacted Mr B's bank to establish if it attempted any kind of intervention before transferring his money to Revolut and, if so, how this affects my assessment of whether or not he acted reasonably in the circumstances.

Mr B's bank has told us that it didn't apply any restrictions to the relevant payments aside from showing a generic warning when he first registered Revolut as a new payee. It also told us that Mr B hasn't complained to the bank about its role in transferring his money.

On balance, I don't think there was any intervention by Mr B's bank that should particularly have alerted him to the fact he was speaking to a scammer or that changes my views about how Revolut should have dealt with this situation and whether he acted reasonably in the circumstances with which he was faced.

*Is it fair and reasonable for Revolut to be held responsible for some of Mr B's loss?*

In reaching my decision about what's fair and reasonable, I have taken into account that the payments didn't go directly to the scammer and there were further steps before the money was lost.

However, for the reasons I've set out above, I'm satisfied it would be fair to hold Revolut responsible for Mr B's loss from payment 9, subject to a deduction for his own contribution towards this. As I've explained, the potential for multi-stage scams ought to have been well known to Revolut. And as a matter of good practice, I consider it fair and reasonable that it should have been on the look-out for payments presenting an additional scam risk including those involving multi-stage scams.

I have also taken into account that other businesses were involved in the overall process that ended up with payments being made to the scammer, and that Mr B might potentially have a claim against them in respect of their actions (although those businesses are not a party to this complaint and so I make no finding about their role here).

Whilst the dispute resolution rules (DISP) give me the power (but do not compel me) to require a financial business to pay a proportion of an award in circumstances where a consumer has made complaints against more than one financial business about connected circumstances, Mr B has not referred a complaint about any other business to me and DISP does not empower me to instruct him to make or refer a complaint to me about another business.

As Revolut has pointed out, I'm aware that the Payment Service Regulator's ("PSR") mandatory reimbursement scheme wouldn't necessarily require it to reimburse Mr B. But I don't consider that this means that it shouldn't compensate Mr B in circumstances where it failed to act fairly and reasonably, as I have found was the case here. The scheme doesn't preclude me from considering whether Revolut failed to act fairly and reasonably when it made payment 9 without providing an appropriate warning to Mr B. As explained, I'm satisfied Revolut should fairly and reasonably have made further enquires and provided a more robust warning before processing the payment. If it had, it's more likely than not that the scam would have been exposed and Mr B wouldn't have lost any more money. In those circumstances I am satisfied it is fair to hold Revolut responsible for at least some of his loss.

Indeed, the PSR has recently reminded firms that fraud victims have a right to make complaints and refer them to the Financial Ombudsman Service that exists separately from the intended reimbursement rights and that APP scam victims will still be able to bring complaints where they believe that the conduct of a firm has caused their loss (in addition to any claim under the reimbursement rules).

*Should Mr B bear any responsibility for his losses?*

I've also considered whether it would be fair and reasonable for Mr B to bear some responsibility for his own losses here. In considering this point, I've taken into account what

the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I've considered the evidence carefully and, while I accept Mr B genuinely believed these payments were being made in connection with a legitimate employment opportunity, I'm not persuaded that belief was a reasonable one.

According to his representative, there was no formalisation of the arrangement between him and the employer – for example, there was no written contract and I've seen nothing that clearly set out of the terms of his employment. In addition to that, the arrangement was very different to the normal employer-employee relationship. In most circumstances, people expect to be paid by their employer, rather than the other way around. Also, the returns promised in exchange for the actual work being completed seems unrealistic and probably should have been viewed as being too good to be true.

In the circumstances, I think Mr B should have proceeded only with great caution. If he had carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with many job scams. Overall, I think it's fair and reasonable for Revolut to make a 50% deduction from the redress payable.

#### *Recovery of funds*

I've also looked at whether Revolut could or should have done more to try and recover Mr B's losses once it was aware that the payments were the result of fraud.

For the peer-to-peer cryptocurrency purchases, these payments made legitimate purchases of cryptocurrency that was transferred to an account under Mr B's control, albeit briefly. In those circumstances, we wouldn't necessarily expect the business to be able to recover funds from a (most likely) genuine seller of cryptocurrency who was not involved in the scam.

The other payments went to a legitimate cryptocurrency accounts in Mr B's own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Revolut tried to recover the funds, it could only have tried to do so from Mr B's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

Finally, I understand there was a delay in reporting the fraud – Revolut says it wasn't told until it received Mr B's complaint, several weeks after the last payments on 17 March 2023. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Revolut could have done differently would likely to have led to those payments being recovered successfully after this period of time

#### *In conclusion*

For the reasons I've explained, I don't think Revolut acted fairly and reasonably in its dealings with Mr B and I'm upholding this complaint in part. While I don't think it acted incorrectly in processing payments 1 to 8 in line with Mr B's instructions, if it had carried out an appropriate intervention before payment 9 debited his account, I'm satisfied payments 9 to 14 would have been prevented.



## **Putting things right**

The principal aim of any award I make must be to return Mr B to the position he'd now be in but for the errors or inappropriate actions of Revolut, while allowing for any responsibility he should reasonably bear. If Revolut had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr B would have retained the money that was lost from payment 9 onwards. As outlined above, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr B's own contribution towards the loss.

To put things right, Revolut should pay Mr B compensation of  $A + B$ , where:

- $A$  = a refund of 50% of each of payments 9 to 14 outlined above; and
- $B$  = simple interest on each amount being refunded in  $A$  at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr B for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Revolut to deduct tax from any interest. It must provide Mr B with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

## **My final decision**

My final decision is that I partly uphold this complaint. Subject to Mr B's acceptance, Revolut Ltd should now put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 13 March 2025.

James Biles  
**Ombudsman**