

The complaint

Miss S complains that Revolut Ltd won't refund the money she lost when she was the victim of a scam.

What happened

In July 2023, Miss S received a text message from someone who said they were a recruitment consultant and had a potential job for her. And as Miss S had been looking for work, she replied and was then contacted by someone who said they worked for a marketing company. She was told the job involved helping apps increase their popularity in digital stores, and that she would be paid commission for each set of tasks she completed.

Miss S was given log-in details to access the marketing company's platform, where she could see the tasks she could complete and the commission she had earned. And she was shown how to buy cryptocurrency, which she would use to pay for the tasks she was to complete. Miss S then made a number of payments from her Revolut account to purchase cryptocurrency, which she then sent on to wallet details she was given for the marketing company.

I've set out the payments Miss S made from her Revolut account below:

Date	Amount
29 July 2023	£570.61
29 July 2023	£40.68
29 July 2023	£51.50
29 July 2023	£309.78
29 July 2023	£118.09
29 July 2023	£162.88
30 July 2023	£3,273.98
30 July 2023	£816.78

Unfortunately, we now know the marketing company was a scam. The scam was uncovered after the company told Miss S she had to pay a large amount of money before she could complete the tasks she had been given, and Miss S realised she had been the victim of a scam.

Revolut investigated but said Miss S had authorised the payments and it had followed her instructions to execute them. So it didn't agree to refund the money she had lost. Miss S wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Miss S and Revolut a provisional decision on 11 October 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 July 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.*

But, even if Revolut had recognised that Miss S 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 her loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Miss S was at heightened risk of financial harm from fraud when she tried to make the seventh payment here, for £3,273.98 on 30 July 2023. This payment was for a significant amount, and was significantly larger than most other payments made out of Miss S's account in the previous months. It was also made to a well-known cryptocurrency exchange and, around this time, I think Revolut ought to have been aware that cryptocurrency related transactions carried an elevated risk of being related to a fraud or scam.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to provide Miss S with a tailored written warning about cryptocurrency scams.

But as the scam Miss S was the victim of wasn't common or well-known at that point and was a very specific type of employment or advance-fee scam, I wouldn't have expected the warning Revolut gave to specifically cover it. So I wouldn't expect the warning Revolut gave to highlight the key features of this kind of scam or to give specific advice on any steps Miss S could take to check whether what she was being told was genuine.

And so I don't think it's likely the warning I would've expected Revolut to provide would've seemed particularly relevant to Miss S, and I think it's unlikely it would have resonated with her or impacted her decision about whether to continue making the payments. And so I think she would likely still have continued to make the payments she did here.

I appreciate that Miss S has been the victim of a cruel scam and that my decision will come as a disappointment to her. She has lost a significant amount of money and I sympathise

with the position she has found herself 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 it to have done would have prevented the loss she suffered. And so I don't think it would be fair to require Revolut to refund any of the money Miss S has lost.

We also expect firms to take reasonable steps to try to recover any money their customers have lost as a result of a scam, including making use of any available chargeback scheme. But a chargeback can only be made against the company the card payment was made to, which in this case is the cryptocurrency exchange. And I haven't seen anything to suggest the cryptocurrency exchange did anything wrong here or did anything other than just process the cryptocurrency transactions as they were instructed to. So I don't think any chargeback claim against the cryptocurrency exchange would be successful and so Revolut has acted reasonably in not carrying one out."

I said I'd consider anything further Miss S 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.

Miss S responded to the provisional decision, saying it is a well-known practice of scammers to encourage victims to set up accounts with genuine cryptocurrency exchanges and then move cryptocurrency to a scammer's wallet under the guise of a trading platform. But while I appreciate this, this is not what was happening in Miss S's case as she had been told she was working for the marketing company and was funding tasks – and no trading platform was involved.

Miss S disagreed that the type of scam she fell victim to was not common at the time. But while I recognise that this type of employment scam is now more common and more understood, I think it was less common and less well understood at the time she made the payments and so I wouldn't have expected it to be covered in the type of warning I would have expected Revolut to show her.

Miss S also argued that Revolut should have asked open and probing questions about what she was doing and that, as she had not been told to lie to it, this kind of more individualised or effective intervention would have uncovered the scam and prevented her losing the money she did. But given the risk I think Revolut should have identified here from what it knew about the payments she was making, I wouldn't have expected it to have carried out this kind of in-depth or probing questioning. I still think a proportionate response to the risk I think Revolut should have identified here would have been for it to provide Miss S with a tailored written warning about cryptocurrency scams.

And as I wouldn't have expected the warning Revolut gave to specifically cover the kind of employment or advance-fee scam Miss S was the victim of, I don't think it's likely it would've seemed particularly relevant to Miss S. I still think it's unlikely it would have resonated with her or impacted her decision about whether to continue making the payments. And so I think she would likely still have continued to make the payments she did here.

I understand that Miss S feels I am absolving Revolut of responsibility, but that is not the case. I think it is fair to consider what action it would be fair to expect Revolut to take in these circumstances, and whether that action would have prevented her loss – as I don't

think it would be fair to hold Revolut responsible for loss that I wouldn't have expected it to have been able to prevent.

I appreciate that Miss S has been the victim of a cruel scam and that my decision will come as a disappointment to her. But, 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 she suffered.

And so I still don't think it would be fair to require Revolut to refund any of the money she has lost here.

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 Miss S to accept or reject my decision before 28 November 2024.

Alan Millward
Ombudsman