

Complaint

Miss A is unhappy that Revolut Ltd didn't refund her losses after she told it she'd fallen victim to a scam.

Background

Miss A fell victim to a job scam in April 2023. She received an unsolicited message from an individual claiming to be a recruiter looking for employees for a company referred to here as Company S. The timing of this message did not raise suspicion for Miss A, as she was actively seeking employment and had shared her information online. The recruiter offered her a role in "*data optimisation*" which involved completing tasks on an online platform maintained by the employer. The explanation provided by the scammer was that Miss A would assist in promoting products for individual businesses and clients. Miss A was told she would earn a commission for completing groups of tasks.

Unfortunately, this wasn't a legitimate job opportunity – Miss A had been contacted by a fraudster. After engaging with the platform for approximately a day, Miss A noticed her account balance on the platform had turned negative. The scammer informed her she needed to deposit funds to continue working and earning commissions. Trusting the legitimacy of the platform and the employer, she made payments, believing these were necessary steps to fund her account and continue earning. The payments were used to purchase cryptocurrency, which Miss A transferred into the control of the fraudsters. In total, Miss A transferred over £30,000 in connection with this scam.

Once she realised she'd fallen victim to a scam, she notified Revolut. It didn't agree to refund her. Miss A wasn't happy with that response and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. The Investigator noted that Revolut needed to be on the lookout for payment activity that was out of character to the extent that it might have indicated a fraud risk. However, he wasn't persuaded that it would've had any reasonable grounds for thinking there was an elevated fraud risk with these payments.

Miss A disagreed with the Investigator's opinion, and so the complaint has been passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

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.

However, that's not the end of the story. Revolut was also expected, as a matter of good industry practice, to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might have indicated a fraud risk. On spotting such a risk, it ought to take steps to warn its customer about the risks of proceeding. The nature and extent of that warning should be driven by, and proportionate to, the risk the payment presents.

We now know with the benefit of hindsight that Miss A was falling victim to a scam. However, the question I must address is whether that risk ought to have been apparent to Revolut at the time, given the information that was available to it. I've considered that point carefully, and I'm not persuaded that Revolut would've had a reasonable basis for intervening here.

Miss A opened her Revolut account in November 2020 and, when asked about her reasons for doing so, she gave three. "Crypto" was one of those reasons. Subsequently, she made a significant number of cryptocurrency-related transactions through her account. Her transaction history shows that she had holdings in sixteen different cryptocurrencies. She also made a legitimate payment of nearly £4,000 to purchase cryptocurrency approximately a month before the scam occurred. Taken together, this activity would likely have conveyed to Revolut that Miss A was a genuine cryptocurrency investor. When she started making these payments in April 2023, it wouldn't automatically have had cause for concern.

Miss A's representatives argued that Revolut should have identified the risk because, when asked about the purpose of her first payment in connection with the scam, Miss A said she was transferring funds to a *"safe account."* Revolut provided her with a warning about the risks of safe account scams. Miss A's representatives have argued that Revolut should have known that the term *"safe account"* isn't a legitimate one. It should, therefore, have regarded that first payment as suspicious.

It's not clear why Miss A selected that option. She's told us that the fraudsters didn't tell her to do so. Nonetheless, I have to take into account that the first payment here was for £200. Revolut, having asked Miss A what the purpose of the payment was, went on to provide a tailored warning based around the risks of safe account scams. The value of this payment was quite modest and that is a relevant indicator of risk. In the circumstances, I think that providing a tailored warning (as opposed to a human intervention by a Revolut employee) was a proportionate way to respond to the fact that she'd selected that particular option.

Ultimately, the payments Miss A made here were consistent with her historical account activity. While cryptocurrency transactions do carry a higher risk of fraud, not all such payments are fraudulent. In this instance, the information available to Revolut at the time wouldn't have reasonably suggested that these payments were part of a scam.

I don't say any of this to downplay or diminish the fact that Miss A has fallen victim to a cruel and cynical scam. I have a great deal of sympathy for her and the position she's found herself in. However, my role is limited to looking at the actions and inactions of the firm and I'm satisfied it didn't do anything wrong here.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 17 January 2025.

James Kimmitt
Ombudsman