DRN-5233477

The complaint

Mrs H complains that Revolut Ltd won't refund money she lost when she fell victim to an employment scam.

What happened

The detailed background to what happened is well known to both parties and has been previously set out by the investigator.

Briefly, Mrs H fell victim to an employment scam in July-August 2023. She was looking for a work from home job opportunity and came across a company "B". She showed interest and subsequently contacted by a representative on a popular instant messaging service. It was explained to her that her job would involve completing "tasks" to boost product ratings on B's platform in return for wages and commission.

It was also explained to Mrs H that to complete certain tasks, she needed to make deposits in cryptocurrency into her account used for completing those tasks. To make those deposits, Mrs H was instructed to open an e-money account with Revolut as well as a cryptocurrency wallet. She transferred money from her account with another business to Revolut, before making payments to purchase cryptocurrency. The cryptocurrency was then sent to wallets as instructed by her 'trainer'.

Mrs H made several payments – a combination of debit card transactions and electronic transfers – totalling just over £6,000 over a week from her newly created Revolut e-money account. She realised she'd been scammed when she was unable to make withdrawals from her account with B and kept being asked to deposit more cryptocurrency.

Mrs H also made scam-related payments from an account with another business. Her concerns about the actions of that business are being considered separately by our service. This decision solely relates to Mrs H's concerns about Revolut.

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.

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. There's no dispute here that Mrs H authorised the transactions she's disputing.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be 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,

- 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.

I haven't seen any other factors at play here that lead me to conclude that Revolut should have reasonably suspected that the first payment – a debit card transaction of £60 to a known cryptocurrency platform – might be part of a scam.

Revolut did decline the next payment attempt – a card transaction of £85 to the same payee – on two occasions due to suspicious activity. It froze Mrs H's card on both occasions and asked her to confirm that it was indeed her making the transaction. Considering the individual amount involved, I consider checking that the payment was genuinely made by Mrs H was a proportionate response to the risk involved.

The next few payments, also debit card transactions to cryptocurrency platforms, were made over several days and were executed without any intervention. The amounts, which ranged between £250 and £1,535, were relatively low in value and I don't think Revolut ought to have identified that Mrs H might be at a heightened risk of fraud such that an intervention was merited. I acknowledge that the transactions were identifiably cryptocurrency related. But purchasing cryptocurrency is legitimate and not all cryptocurrency related transactions would be linked to a scam.

Mrs H subsequently switched to buying cryptocurrency from peer-to-peer sellers and she made payments via electronic transfer. The information I've seen shows that Revolut provided a 'new payee' warning each time she paid a new individual. Additionally, when she attempted to send money to the second peer-to-peer seller, Revolut asked Mrs H to provide a payment purpose. This was so it could identify the specific scam risk involved and provide a warning accordingly. Although there was an option to select 'cryptocurrency', unfortunately Mrs H went with 'goods and services'. As Revolut couldn't reasonably have known that this was a peer-to-peer purchase of cryptocurrency, it relied on Mrs H's selection when providing a scam warning. On this occasion, Revolut was prevented from narrowing down the specific risk involved.

While it's not entirely clear whether Mrs H sought the scammer's help in making that selection, the available evidence shows that when Revolut carried out further verification

checks such as the source of funds, she sent screenshots to the scammer and sought guidance on how to respond. The chat correspondence between Mrs H and the scammer shows that she was being coached on how to answer Revolut's questions. In that scenario, I'm not persuaded that Mrs H's response to any subsequent questions by Revolut would have put it on notice that she was likely falling victim to an employment scam.

For the avoidance of any doubt, given the amounts involved, I don't consider that Revolut ought to have carried out a direct intervention (for instance an in-app chat) with Mrs H at any point. I would have only expected a written warning based on narrowing down the specific scam risk involved. As I've explained, in the circumstances of this specific case, I'm not persuaded the specific scam that Mrs H was falling victim to would have come to Revolut's attention.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances recovery might be possible. But Mrs H's payments went to legitimate sellers of cryptocurrency who were unlikely to have been involved in the scam orchestrated by B. We know from Mrs H's submissions that she sent the purchased cryptocurrency on to wallets as instructed by the scammer. In the circumstances, recovery would not have been possible as the recipients of her money provided the service requested (i.e., cryptocurrency).

In summary, I know that Mrs H will be disappointed with this outcome. I fully acknowledge that there's a considerable amount of money involved here, and that this incident has taken its toll on her wellbeing. Despite my natural sympathy for the situation in which Mrs H finds herself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 27 January 2025.

Gagandeep Singh
Ombudsman