

The complaint

Mr W is unhappy that Revolut Ltd won't reimburse money he lost to a scam.

The complaint is brought on Mr W's behalf by a professional representative.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In summary, Mr W has explained that between July and October 2023 he made several payments from his Revolut account to buy cryptocurrency which he ultimately lost to an investment scam.

Mr W fell victim to a task-based job scam in which he was required to rate movies in exchange for commission. I'll refer to the company Mr W believed he was working for as "L". Mr W was given access to an account with L on its platform, which he says appeared professional. He was also added to a group chat with other "employees". Mr W was told he needed to make payments to L to enhance his earning potential which he did using legitimate cryptocurrency exchanges (referred to as either "B", "C", "S" or "K" in the table below). Mr W has said after completing some tasks he was able to make a withdrawal from the investment which made him think it was a genuine investment.

Mr W realised he had been scammed when he was asked to pay fees to withdraw his profits, but he wasn't able to successfully withdraw them. I have included a breakdown of the payments made and received during the scam.

Payment number	Date	Payee	Transaction details	Amount
1	25 July 2023	Payment to cryptocurrency account B	Card payment	£1,000
2	25 July 2023	Payment to cryptocurrency account B	Declined	£100
3	25 July 2023	Payment to cryptocurrency account B	Card payment	£100
4	25 July 2023	Payment to cryptocurrency account B	Card Payment	£2,000
5	25 July 2023	Payment to cryptocurrency account B	Declined	£100
6	25 July 2023	Payment to cryptocurrency account B	Declined	£100
7	25 July 2023	Payment to third party account	Bank Transfer	£100
-	30 July 2023	Credit from B	Payment In	-£66.03
8	8 August 2023	Payment to cryptocurrency account B	Declined	£4,300

9	8 August 2023	Payment to cryptocurrency account C	Card Payment	£50
10	9 August 2023	Payment to cryptocurrency account C	Card Payment	£50
11	10 August 2023	Payment to cryptocurrency account B	Card Payment	£1,000
12	9 August 2023	Payment to cryptocurrency account B	Declined	£3,200
13	9 August 2023	Payment to S	Card Payment	£1,000
14	9 August 2023	Payment to S	Card Payment	£2,200
-	10 September 2023	Credit from B	Payment In	-£134.27
15	29 September 2023	Payment to cryptocurrency account K	Card Payment	£660
16	29 September 2023	Payment to cryptocurrency account K	Card Payment	£1,000
17	30 September 2023	Payment to cryptocurrency account K	Card Payment	£2,100
18	2 October 2023	Payment to cryptocurrency account K	Card Payment	£1,450
19	3 October 2023	Payment to cryptocurrency account K	Card Payment	£1,550
20	5 October 2023	Payment to cryptocurrency account K	Card Payment	£2,450
21	5 October 2023	Payment to cryptocurrency account K	Card Payment	£500
22	6 October 2023	Payment to cryptocurrency account K	Declined	£3,000
23	12 October 2023	Payment to cryptocurrency account K	Card Payment	£3,070
24	13 October 2023	Payment to cryptocurrency account K	Card Payment	£140
			Total loss (minus credits)	£20,219.73

Mr W raised a complaint with Revolut in May 2024. Revolut didn't think it had done anything wrong by allowing the payments to go through. So, Mr W brought his complaint to our service.

One of our Investigators looked into the complaint and upheld it in part. He thought that Revolut should have identified that Mr W was falling victim to a scam from the last payment he made on 25 July 2023. This is because he had made several payments on the day, and he thought Revolut should have questioned Mr W about them. If Revolut had done this, the Investigator thought that the scam would have come to light and Mr W's further losses would have been prevented.

Our Investigator however thought that Mr W ought to take some responsibility for his loss too. He thought Mr W should have questioned why he needed to make payments in order to

work and that he should have been concerned with where he was sending his funds. The Investigator thought that a fair deduction to the amount reimbursed would be 50%.

Mr W accepted the refund recommended by our Investigator. Revolut didn't agree. I've summarised its main points:

- The Payment Service Regulator's ("PSR") mandatory reimbursement scheme will not require it to refund 'self to self' transactions.
- 'Self-to-self' payments don't meet either the Dispute Resolution Rules ("DISP Rules") or the Lending Standards Board's Contingent Reimbursement Model Code (CRM Code) definition of an Authorised Push Payment (APP) scam.
- As an Electronic Money Institution (EMI) rather than a bank it's accounts are typically set up to facilitate payments for a specific purpose rather than a main account and so the transactions weren't unexpected or unusual for how its customers use their accounts.
- The recent reliance by this service on R (on the application of Portal Financial Services LLP) v FOS [2022] EWHC 710 (Admin) is misconceived and amounts to a legal error
- Mr W's loss did not take place from his Revolut account as he made payments to his own account at another regulated EMI before converting his money into cryptocurrency and transferring that cryptocurrency to the fraudster. It's unfair and irrational to hold Revolut responsible for any of the loss where it is only an intermediate link in a chain of transactions.
- It is relevant to consider the actions of other firms involved in the chain as the source of the funds lost to this scam originated from a firm other than Revolut.
- It may be relevant for this service to exercise its power to inform Mr W that it may be appropriate to make a complaint against another firm involved.

Mr W's complaint has now been passed to me for review and a decision.

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.

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 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. 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;

- have been mindful of – among other things – common scam scenarios, how 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.

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

Mr W was making a number of payments towards a cryptocurrency exchange on 25 July 2023. He was adding funds into his Revolut account and sending them straight out. Some of these payments were being declined by Revolut's security system due to the payments being high risk. The payments on this date were being made in quick succession, all within a few hours, which can be a common feature of scams. Revolut were also aware of the destination of each payment and the increased risk that cryptocurrency transactions presented. So, by the time Payment 7 was attempted, the pattern of Mr W's payments closely matched what we commonly see in scams and Revolut should have recognised that this activity was unusual, and that Mr W was at risk of losing his funds to a scam. And in line with the good industry practice that I've set out above, I think Revolut should have provided a specific and impactful warning, before allowing this payment to go ahead.

However, I can see that Mr W reached out to Revolut before Payment 7 was made on its chat service to discuss his payments why some had been declined. During this conversation he told Revolut *"I feel I may have been scammed"*. He asked Revolut for help and explained that the scam applied to all the transactions he had made. He asked if he should report the scam to the police and was told by Revolut that he should. The next day he reached out to Revolut again and advised *"I think it's a scam"*.

Mr W had highlighted through his messages an obvious scam risk, but Revolut didn't ask probing questions to explore the risk he highlighted. It didn't question why he thought he had been scammed. It also didn't provide a warning around the risks of cryptocurrency payments or highlight some of the common scam scenarios that apply to such payments. As the payments were being made in July 2023, I would have expected Revolut's agent to have been familiar with some of the common characteristics found with investments scams and warned Mr W. I think a warning covering the key features of scams affecting many customers, (but not imposing a level of friction disproportionate to the risk the payment presented), would have been a proportionate and reasonable way for Revolut to have acted to minimise the risk of financial harm to Mr W.

Would a warning have made a difference?

I think on the balance of probabilities a better conversation which probed Mr W on the circumstances of the payment would have likely prevented any further loss in this case. I haven't seen anything to suggest that Mr W wouldn't have been open and honest with Revolut about the purpose of the payments had he been questioned appropriately.

I think if Revolut had provided context around the risk posed by such payments and asked relevant probing questions, then it's likely that Mr W would have explained that he was making the payments for his job – that he had started after being contacted on a messaging app, which required him to purchase cryptocurrency to acquire review tasks to complete. Given Revolut's familiarity with scams involving cryptocurrency that had become increasingly prevalent by this point, as well as general scam trends that include consumers being encouraged to send money on the promise of something that sounds too good to be true, Revolut ought reasonably to have identified Mr W was being scammed considering these 'red flags'.

Mr W was already worried he was being scammed. This would suggest he already had some doubts which I think indicates that it wouldn't have taken much persuasion to convince him that he was falling victim to a scam prior to making Payment 7. So, if Mr W had been appropriately warned it is likely that such a warning would have resonated with him at the time, and he would not have proceeded with the payment.

Is it fair and reasonable for Revolut to be held responsible for Mr W's loss?

I have taken into account that Mr W remained in control of his money after making the payments from Revolut. It wasn't lost until he took further steps. But Revolut should still have recognised that Mr W was at risk of financial harm from fraud, made further enquiries about Payment 7 and ultimately prevented Mr W's loss from that point. I think Revolut can fairly be held responsible for Mr W's loss in such circumstances.

While I have considered all of the facts of the case, including the role of other financial institutions involved, Mr W has chosen not to complain about any other firm, and I cannot compel him to do so. And I do not think it would be fair to reduce Mr W's compensation because he's only complained about one firm, as I consider that Revolut should have prevented the loss.

Revolut has addressed an Administrative Court judgment, which was referred to in a decision on a separate complaint. As I have not referred to or relied on that judgment in reaching my conclusion in relation to the losses for which I consider it fair and reasonable to hold Revolut responsible, I do not intend to comment on it. I note that Revolut says that it has not asked me to analyse how damages would be apportioned in a hypothetical civil action but, rather, it is asking me to consider all of the facts of the case before me when considering what is fair and reasonable, including the role of all the other financial institutions involved.

Furthermore, I'm aware that Revolut has referenced the CRM code and the PSR's reimbursement scheme for APP scams. But Revolut is not a signatory of the CRM code, and these payments wouldn't have been covered by it anyway. Nor would the payments be covered by the PSR's reimbursement scheme – as it wasn't in force when most of these payments were made, it isn't retrospective, and it doesn't cover card payments. I've therefore not sought to apply it here. I've explained in some detail why I think it's fair and reasonable that Revolut ought to have identified that Mr W may have been at risk of financial harm from fraud and the steps it should have taken before allowing the aforementioned payments to leave his account.

Should Mr W bear any responsibility for their losses?

I have also considered whether it is fair for Mr W to bear some responsibility for his own losses. In doing so, I've taken into account what the law says about contributory negligence while keeping in mind that I must decide this case based on what I consider to be fair and reasonable in the circumstances. I recognise there were aspects of this scam which would have appeared convincing, such as the fake platform and the group chat with others who also seemed to be working for L, but there were several aspects of the arrangement that should have raised concerns. I say that because I think Mr W ought to have taken more care than he did here.

The job opportunity arose as a result of unsolicited contact, and I think that ought to have led him to do more to question whether it was legitimate. Having looked through the messages with the scammer, the job was offered without any formal hiring process. This lack of formality should have made him more cautious.

The expectation that he needed to make payments in order to work should also have raised further concerns. In a legitimate employment scenario, the employer pays the employee for their services. He was also being asked to write fake reviews would should have raised concerns this might not be a legitimate role.

As explained above Mr W told Revolut he was being scammed. He's told us he was reassured by the scammers that his funds were safe following his contact with Revolut on 25 July 2023. He's also told us he only communicated with the scammers through messages rather than by phone, but I haven't seen any evidence in the chat to confirm he was reassured by the scammers, suggesting he shouldn't have continued to make the payments.

The expected return was also too good to be true when compared to the level of skill the work required, and I think it would have raised suspicions in any reasonable person about whether this job was all that it seemed to be.

Taking all of the above into account I think that Revolut can fairly reduce the amount it pays to Mr W because of his role in what happened. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

I understand that Mr W was experiencing some difficult circumstances at the time he fell victim to the scam. I'm sorry to learn about this, but I can't say that Revolut was or should have been aware that he was vulnerable or made any special adjustments for him at the time the transactions were made.

Mr W's representative has also requested compensation in addition to a refund of the scam payments made. But I can't see any reason which would suggest compensation is warranted in the circumstances of the complaint as I have not found anything to suggest Revolut have acted incorrectly in addition to what I have described above.

Could Revolut have done anything else to recover Mr W's money?

There are industry standards around attempting recovery of funds where a scam is reported. So, I've also thought about whether Revolut could have done more to recover the funds after Mr W reported the fraud.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. But I can see that Mr W didn't dispute the transactions in time to raise a chargeback claim in line with the relevant timescales, and I don't think there was any real prospect of a chargeback succeeding. This is because Mr W received the service he'd paid for in purchasing cryptocurrency.

I also don't think there was any realistic prospect of recovering Payment 7 (sent by bank transfer) given the delay in reporting the scam. So, I'm satisfied that there was nothing further Revolut could reasonably have done to recover Mr W's payments.

Interest

Mr W has been deprived of the use of his funds from Payment 7 onwards. He also took out a loan to fund the scam payments which he has been paying towards. So, Revolut should pay 8% simple interest yearly to the 50% refund on his transactions from Payment 7 (calculated from the date of the transactions until the date of settlement). He may have used these funds in a variety of different ways if they had remained available to him. I think 8% simple is a fair interest rate in these circumstances.

Credits received

Mr W received two credits totalling £200.30. These should be deducted from his refund before any deduction for contributory negligence.

My final decision

For the reasons given above, I uphold this complaint in part and require Revolut Ltd to refund Mr W:

- a 50% refund of his outstanding losses from Payment 7 (credits are to be deducted before applying contributory negligence)
- 8% simple interest per year on that amount from the date of each payment to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 15 August 2025.

Aleya Khanom
Ombudsman