

The complaint

Ms A complains that Revolut Ltd failed to protect her when she was falling victim to a scam and hasn't reimbursed her loss since reporting it.

What happened

I issued a provisional decision (PD) for Ms A's complaint on 14 February 2025 and both parties have had an opportunity to respond.

In that PD I set out the background to the complaint along with my proposed findings. Rather than repeat all that detail here, I've included a copy of the PD with this final decision.

Ms A accepted the PD. Revolut didn't respond. As the deadline for replying has passed, and an agreed outcome hasn't been reached, I'm now moving to issue the final 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.

Having done so I'm upholding it. I've already explained my findings in the PD, which is included at the end of this final decision. And so, as with the background to the complaint, I'll not restate the same detail.

Ms A accepted my provisional findings and so there's nothing further from her that I need to consider.

Revolut didn't respond at all, so there's also no new evidence, information, or arguments for me to consider there either.

That being the case, I see no reason to depart from my provisional findings.

Putting things right

On Ms A's confirmed acceptance Revolut must:

- Refund 50% of the loss suffered from the £310 payment on 22 December 2023 onwards; *and*
- Pay interest on that sum at 8% simple per year, calculated from the date of each payment to the date of settlement.

My final decision

I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or

reject my decision before 28 March 2025.

Provisional decision – issued 14 February 2025

The complaint

Ms A complains that Revolut Ltd failed to protect her when she was falling victim to a scam and hasn't reimbursed her loss since reporting it.

What happened

The background to this complaint is well-known to both parties, and so my summary of events will be brief. And whilst Ms A is represented in her complaint, I'll only refer to her throughout this decision.

Ms A was contacted by someone offering her an opportunity to earn money. To take part she'd have to complete tasks online which were linked to the promotion of products. She was to be paid a commission for the tasks she completed. She was shown a platform that supposedly supported this work and was able to sign up. But unfortunately, Ms A had become caught up in a scam.

Ms A was told that in order to be able to earn and receive her commission she'd need to set up an account with Revolut and another with a cryptocurrency platform. She did as instructed. The explanation behind this was that she'd have to top up her account with her employer to trigger her commission payments. Ms A did as she was instructed, with many of the transactions ultimately ending up as 'peer-to-peer' cryptocurrency payments. Her Revolut account was funded throughout by payments from an account she held elsewhere, with a high street bank.

Over the course of four days Ms A would go on to make more than 30 payments to six different payees. The payments totalled £8,076.99.

Revolut did ask some questions as to the purpose of some of the payments being made by Ms A. At times she said she was investing the money. At others she said she was paying money to a safe account and to family members. Revolut asked for evidence of what she was doing, in the form of screenshots from her cryptocurrency wallet.

Ms A's other bank also questioned some of the payments she was making to Revolut. She told it she was investing in crypto and had been doing so for a little while.

Ms A realised she'd been scammed when she kept being told to put more and more money into her account and yet was unable to withdraw any of her earnings or commission. And the scammers then started to ignore her contact. She reported what had happened to Revolut.

Revolut attempted to recover Ms A's funds but was unable to do so. And it said it wouldn't otherwise reimburse her as she'd authorised all of the payments herself. It also said it had intervened at different stages and provided different warnings, but Ms A had decided to proceed with what she was doing. Ms A was unhappy with Revolut's response and so brought her complaint to our service.

One of our investigator's considered the complaint but didn't think it should be upheld. He didn't think Revolut had stepped in to question payments soon enough. And he didn't think the interventions and questioning that did take place were good enough. However, he wasn't persuaded that better intervention would have made a difference, and that Ms A would likely

have proceeded to make the payments anyway. This finding was largely based on Ms A's interactions with Revolut and, in particular, her other bank. He noted she'd not disclosed the full facts of what she was doing and why she was sending the money.

Unhappy with our investigator's findings, Ms A asked that an ombudsman review her complaint.

What I've provisionally 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'm intending to uphold it. I'll explain why.

In deciding what's fair and reasonable, I am 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.

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.

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 Ms A 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*".

In this respect, section 20 of the terms and conditions said:

"20. When we will refuse or delay a payment

We must refuse to make a payment or delay a payment (including inbound and outbound payments) in the following circumstances:

- *If legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks*

So Revolut was required by the implied terms of its contract with Ms A and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances expressly set out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

I am satisfied that, to comply with regulatory requirements (including the Financial Conduct Authority's "Consumer Duty", which requires financial services firms to act to deliver good outcomes for their customers) Revolut should in December 2023 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.

So, Revolut's standard contractual terms produced a result that limited the situations where it could delay or refuse a payment – so far as is relevant to this complaint – to those where applicable regulations demanded that it do so, or that it make further checks before proceeding with the payment. In those cases, it became obliged to refuse or delay the payment. And I'm satisfied that those regulatory requirements included adhering to the FCA's Consumer Duty.

The Consumer Duty – as I explain below – requires firms to act to deliver good outcomes for consumers.

Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Revolut was required act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. The Consumer Duty is therefore an example of a regulatory requirement that could, by virtue of the express terms of the contract and depending on the circumstances, oblige Revolut to refuse or delay a payment notwithstanding the starting position at law described in *Philipp*.

I have taken both the starting position at law and the express terms of Revolut's contract into account when deciding what is fair and reasonable. I am also mindful that in practice, whilst its terms and conditions referred to both refusal and delay, the card payment system rules meant that Revolut could not in practice delay a card payment, it could only decline ('refuse') the payment.

But the basis on which I am required to decide complaints is broader than the simple application of contractual terms and the regulatory requirements referenced in those contractual terms. I must determine the complaint by reference to what is, in my opinion, fair and reasonable in all the circumstances of the case (DISP 3.6.1R) taking into account the considerations set out at DISP 3.6.4R:

Whilst the relevant regulations and law (including the law of contract) are both things I must take into account in deciding this complaint, I'm also obliged to take into account regulator's guidance and standards, relevant codes of practice and, where appropriate, what I consider to have been good industry practice at the relevant time: see DISP 3.6.4R. So, in addition to taking into account the legal position created by Revolut's standard contractual terms, I also must have regard to these other matters in reaching my decision.

Looking at what is fair and reasonable on the basis set out at DISP 3.6.4R, I consider that Revolut should in December 2023 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.

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;¹
- 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;
- providing increasingly tailored and specific automated warnings, or in some circumstances human intervention, when an increased risk of fraud is identified.

For example, it is my understanding that from October 2023, Revolut operated a process whereby if it identified a scam risk associated with a card payment through its automated systems, it might initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat). If Revolut was satisfied with the response to those questions and/or it provided a relevant warning, the consumer could use the card again to instruct the same payment and Revolut would then make the payment.

I am also mindful that:

- Electronic Money Institutions like Revolut are required to conduct their business with “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).
- 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 Code², 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

¹ 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/

² BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

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).

- Since 31 July 2023, under the FCA's Consumer Duty³, regulated firms (like Revolut) must act to deliver good outcomes for customers (Principle 12) and must avoid causing foreseeable harm to retail customers (PRIN 2A.2.8R). Avoiding foreseeable harm includes ensuring all aspects of the design, terms, marketing, sale of and support for its products avoid causing foreseeable harm (PRIN 2A.2.10G). One example of foreseeable harm given by the FCA in its final non-handbook guidance on the application of the duty was *"consumers becoming victims to scams relating to their financial products for example, due to a firm's inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers"*⁴.
- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency⁵ 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.
- The main card networks, Visa and Mastercard, don't allow for a delay between receipt of a payment instruction and its acceptance: the card issuer has to choose straight away whether to accept or refuse the payment. They also place certain restrictions on their card issuers' right to decline payment instructions. The essential effect of these restrictions is to prevent indiscriminate refusal of whole classes of transaction, such as by location. The network rules did not, however, prevent card issuers from declining particular payment instructions from a customer, based on a perceived risk of fraud that arose from that customer's pattern of usage. So it was open to Revolut to decline card payments where it suspected fraud, as indeed Revolut does in practice (see above).

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 December 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

³ Prior to the Consumer Duty, FCA regulated firms were required to "pay due regard to the interests of its customers and treat them fairly." (FCA Principle for Businesses 6). As from 31 July 2023 the Consumer Duty applies to all open products and services.

⁴ The Consumer Duty Finalised Guidance FG 22/5 (Paragraph 5.23)

⁵ Keeping abreast of changes in fraudulent practices and responding to these is recognised as key in the battle against financial crime: see, for example, paragraph 4.5 of the BSI Code and PRIN 2A.2.10(4)G.

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); and
- 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.

Whilst I am required to take into account the matters set out at DISP 3.6.4R when deciding what is fair and reasonable, I am satisfied that to comply with the regulatory requirements that were in place in December 2023, Revolut should in any event have taken these steps.

Should Revolut have recognised that Ms A was at risk of financial harm from fraud?

It appears Revolut itself acknowledges it ought to have recognised Ms A was at risk of financial harm through fraud. It did, after all, intervene in several of the payments being made by her. It asked some questions and delivered some scam warnings. It did so on the basis that the account activity was unusual and it recognised a scam risk.

I'm satisfied that there were numerous points here at which Revolut ought to have stepped in. The fact Ms A was paying multiple new payees in quick succession was a sign she was caught up in not only a scam, but an employment scam specifically.

One of the payments Revolut did intervene on and ask questions about was for £310 on 22 December 2023 at around 7:30am. Revolut asked what the purpose of the payment was, and she selected the option 'safe account transfer'.

As I've explained in the background, there were several other points at which Revolut questioned the payments being made, but I'll not set each of them out here. Any payments made prior to the one for £310 on 22 December 2023 won't be in scope for a refund as I'm not persuaded Revolut ought to have identified a scam risk before that.

What did Revolut do to warn Ms A?

When Ms A selected 'safe account transfer' she was presented with a warning. The warning given here wasn't really relevant to the situation Ms A was in. Instead, it discussed the dangers of fraudsters impersonating trusted parties like banks.

Ms A also received investment scam warnings which discussed the need to verify an investment firm's legitimacy and warned about only buying cryptocurrency from a reputable source.

What kind of warning should Revolut have provided?

Overall, I can't agree that any of the warnings provided were a proportionate response to the risk that the £310 payment presented. While I accept that Revolut has attempted some steps to prevent harm from fraud, the warnings didn't really apply to the situation Ms A was in.

There are of course some identifiable reasons for that, which Revolut might not to be at fault for. Particularly as Ms A selected payment purposes that didn't align with the true nature of what she was doing.

However, Ms A had told Revolut that she was paying money to a safe account. This ought to have caused Revolut a great deal of concern as it is a big red flag that someone is falling victim to a scam. And so Revolut ought to have done more than simply deliver an automated warning.

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

There are other points over the course of the scam where I'm persuaded the same action ought to have been taken by Revolut, considering the size and frequency of payments, with repeated transactions to the same payee only minutes apart. But I've not gone on to address those in detail as the £310 I've highlighted is the key intervention point to my mind.

If Revolut had provided a warning of the type described, would that have prevented the losses Ms A suffered from the £310 payment?

Ms A was not falling victim to a safe account scam. It was instead an employment scam. But Revolut had no way of knowing that was the case, not without speaking to Ms A. I'm satisfied that, had it done so, the scam would have been revealed and Ms A's losses prevented.

I can accept Ms A may not have been entirely truthful when initially asked. She was in regular contact with the scammer and it's evident she was being coached, to an extent, on what to say should any payments be questioned.

However, it's important to recognise that Revolut is the expert and professional here. It ought to be aware of common scams and their features. Those features include customers being coached by scammers. And Revolut ought to have processes, systems, and measures in place to address those facts.

I can see that when asked about later transactions, Ms A was quite forthcoming with evidence and information, at least to an extent. She said she was investing in cryptocurrency – itself an identifiably risky factor in making payments – and was willing to provide information. I consider it more likely than not Ms A would have given the same explanation if asked at the time she selected safe account as the payment purpose.

Ms A went on to provide screenshots of payment requests she'd received as part of the scam. She also provided screenshots of her cryptocurrency wallet, including the transactions that had taken place. And so the evidence suggests she would have shared this information earlier if asked.

The evidence and information Ms A shared ought to have caused further alarm to Revolut. It's unclear to me why it didn't, even at the point it was provided and despite the escalating risk factors present by that time.

The payment instruction clearly shows that Ms A is being told to lie to Revolut about the purpose of her payment. This is another huge red flag that a scam was taking place.

The transactions history Ms A provided clearly shows that the money she was sending to her wallet was quickly being converted and then moved on to an unknown location. It wasn't being held by Ms A. This is also indicative of a scam, and it showed that Ms A wasn't holding any investments, instead moving the money on.

All of these points mean that Revolut ought to have been on very high alert that there was a scam taking place and that Ms A wasn't necessarily giving a full account of what she was doing. Spotting these things didn't require extensive investigation or interrogation. The evidence was there to see.

This ought to have then led to some thorough questioning and probing of Ms A. And given the clear risks, Revolut ought not to have taken answers at face value. Indeed, it should have been sceptical of the reasons it had been given as to the purpose of the payments.

Given the nature of the payments, and their commonality with employment scam complaints, I don't consider it unreasonable to find that Revolut could have arrived at the conclusion Ms A was falling victim to that specific scam and it ought to have delivered such a warning. I'm also not persuaded that Ms A could have given a convincing explanation linked to investment that would have stood up to scrutiny. Even taking account of the evidence of coaching by the scammer, this was fairly light touch and I can't see much in the way of specifics was stated, so there wouldn't have been much depth of explanation that Ms A could have provided.

It is the case that Ms A was in regular contact with the scammer, and she clearly trusted what she was being told at the time. But it is also true that there was never really any significant or impactful intervention or questioning of Ms A. In making that finding I have included the interventions that took place through Ms A's high street bank. Had the proper, fair and reasonable level of scrutiny been applied, and tailored warnings been delivered, highlighting the key features of employment scams, I'm satisfied the fraudsters spell could have been broken.

Is it fair and reasonable for Revolut to be held responsible for Ms A's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Ms A traded in cryptocurrency through a wallet held in her own name, and that were peer-to-peer purchases that completed successfully. For some payments she made from her Revolut she might have remained in control of her money. For others it was lost instantly.

I have carefully considered Revolut's view that in a multi-stage fraud, a complaint should be properly considered only against either the firm that is a) the 'point of loss' – the last point at which the money (or cryptocurrency) remains under the victim's control; or b) the origin of the funds – that is the account in which the funds were prior to the scam commencing. It says it is (in this case and others) merely an intermediate link – being neither the origin of the funds nor the point of loss and it is therefore irrational to hold it responsible for any loss.

In reaching my decision, I have taken into account that the Final Payment was made with this assistance of another financial business and that the payments that funded the scam were made from another account at a regulated financial business.

But as I've set out in some detail above, I think that Revolut still should have recognised that Ms A might have been at risk of financial harm from fraud when they made the £310 payment, and in those circumstances it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Ms A suffered. The fact that the money used to fund the scam came from elsewhere and/or wasn't lost at the point it was transferred to Ms A's own account, or that a cryptocurrency wallet might have been involved, does not alter that fact and I think Revolut can fairly be held responsible for Ms A's loss in such circumstances. I don't think there is any point of law or principle that says that a complaint should only be considered against either the firm that is the origin of the funds or the point of loss.

I've also considered that Ms A has only complained against Revolut. I accept that it's *possible* that other firms might also have missed the opportunity to intervene or failed to act fairly and reasonably in some other way, and Ms A could instead, or in addition, have sought to complain against those firms. But Ms A has not chosen to do that and ultimately, I cannot compel her to. In those circumstances, I can only make an award against Revolut.

I'm also not persuaded it would be fair to reduce Ms A's compensation in circumstances where: the consumer has only complained about one respondent from which they are entitled to recover their losses in full; has not complained against the other firm (and so is unlikely to recover any amounts apportioned to that firm); and where it is appropriate to hold a business such as Revolut responsible (that could have prevented the loss and is responsible for failing to do so). That isn't, to my mind, wrong in law or irrational but reflects the facts of the case and my view of the fair and reasonable position.

Ultimately, I must consider the complaint that has been referred to me (not those which haven't been or couldn't be referred to me) and for the reasons I have set out above, I am satisfied that it would be fair to hold Revolut responsible for Ms A's loss from the payment of £310 on 22 December 2023 (subject to a deduction for Ms A's own contribution which I will consider below).

Should Ms A bear any responsibility for her losses?

It's evident that Ms A was completely drawn in by the scammer when contacted. And I can see how the use of online platforms and regular contact would have contributed to the overall persuasiveness of the scam. But, overall, I do find that Ms A should bear some responsibility for her loss. That's because I find what Ms A was being told was not, on the whole, a likely employment proposition and there was little to show it or the parties involved were legitimate:

- Whilst the name of the supposed employer appears on a Google search, there was nothing done to prove the contact actually worked there or had any association with the company;
- The proposal behind what the tasks were and what they were meant to achieve doesn't make a great deal of sense;
- I can see Ms A flagged concerns that the proposal might be a scam early on, though I can't see there was a persuasive explanation given that all was legitimate;
- The sums offered for the completion of tasks appears unrealistically high;
- Ms A was told by the scammer to hide the truth of what she was doing;
- She was told to keep payment values low to avoid detection;
- She was told she'd have to pay money in order to receive her commission;
- Those payments had to be in the form of cryptocurrency which was being sent to what was essentially an unknown destination;
- The amount Ms A was required to pay escalated rapidly over time.

Taking these points together, along with the broader circumstances of the complaint, I find it's fair to say Ms A's actions weren't reasonable throughout. With that in mind, I find responsibility for her loss ought to be shared.

Recovery of funds

Unfortunately, due to the nature of how the payments were made, there was never any prospect of the money being clawed back. The funds had been used to successfully complete peer-to-peer cryptocurrency payments for the most part where the loss really

crystallised in the onward transmission of funds. So I'm satisfied there was nothing Revolut could do.

Putting things right

Assuming the outcome remains the same and Ms A accepts these findings, Revolut will need to:

- Refund 50% of the loss suffered from the £310 payment on 22 December 2023 onwards; *and*
- Pay interest on that sum at 8% simple per year, calculated from the date of each payment to the date of settlement.

My provisional decision

I intend to uphold this complaint against Revolut Ltd.

Ben Murray
Ombudsman