

## **The complaint**

Mr Z complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In March 2023, Mr Z joined several recruitment platforms and subsequently received a WhatsApp message from someone I'll refer to as "the scammer" who said she'd found his details through an agency and that she had an opportunity for him to earn commission by reviewing hotel packages for a company I'll refer to as "B".

The scammer sounded professional, and Mr Z checked B's website, which appeared genuine and had positive reviews. The rate of commission ranged from 1.1% to 1.8%, which Mr Z felt was reasonable. Unfortunately, B was a clone of a genuine company.

The scammer told Mr Z he would have to make payments to cover the cost of the hotel packages, and the more money he paid into his account, the more expensive hotel packages he could access. She told him to first purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. Mr Z made payments into the Revolut account from Bank S and between 20 March 2023 and 22 March 2023, he made nine card payments to a cryptocurrency exchange company from his Revolut account totalling £13,944. There were also two declined payments and three credits into the account totalling £259.28.

On 21 March 2023, Mr Z successfully withdrew £110.31, but on 23 March 2023, the account went into a negative balance and the scammer told him to make a payment to avoid losing his funds. He realised he'd been scammed when he tried to withdraw his profits and was told he'd have to pay various fees and taxes and was warned by friends the job could be a scam. Mr Z complained to Revolut, but it refused to refund any of the money he'd lost, stating there were no chargeback rights because the service was considered provided. He wasn't satisfied and so he complained to this service with the assistance of a representative who said Revolut had missed opportunities to intervene and to stop the scam.

They said Revolut should have intervened on 22 March 2023 when Mr Z sent £1,760 to the scam because he'd never sent funds to a cryptocurrency platform, and it should have been on notice that Mr Z was making large and unusual payments to a high-risk payee in quick succession. They pointed out Mr Z had been a Revolut customer for three years and his usual account activity consisted of small payments with the highest in the previous months being £46.99 on 8 March 2023. Further, Mr Z paid £14,390 into the account during the scam period, which is a known fraud indicator.

The representative said Revolut should have asked probing questions including why he was making the payment, whether there was a third-party involved and, if so, how he met them,

whether he'd done any research, whether he'd made any withdrawals, what the job required, and whether he was making deposits to gain money. They also said he hadn't been prompted to give false answers, so he would have fully explained what he was doing. Responding to the complaint, Revolut said there were no chargeback rights because the service purchased was a money transfer to a cryptocurrency exchange provider and the service was completed in full.

It said there were no interventions as the payments weren't unusual or suspicious considering the normal account activity, and once the first payment was made, the cryptocurrency exchange had become an established merchant. It further explained that it is an Electronic Money Institute ("EMI") and typically this type of account is opened and used to facilitate payments to cryptocurrency wallets, so the payments weren't out of character with the typical way in which an EMI account is used.

It said Mr Z had authorised the disputed payments, and it was under an obligation to follow the instructions promptly and correctly. Mr Z was moving funds to his own cryptocurrency account and concerns about the scam should be directed to the cryptocurrency exchange as the transactions from Revolut weren't fraudulent. It appeared that Mr Z was purchasing cryptocurrency from a legitimate merchant and what he chose to do with the funds outside of the Revolut app wasn't in its control.

Our investigator didn't think the first six payments were concerning because they were low value. But she thought Revolut ought to have been concerned when Mr Z tried to make payment seven on 22 March 2023 which was for £3,600. She noted this was the fifth consecutive payment for the day and she explained that Revolut should have provided a tailored written warning about cryptocurrency investment scams. But she didn't think this would have prevented him from making the payment because this was a job scam and so a warning about cryptocurrency scams probably wouldn't have resonated with him, especially as he'd received money back on the second day, and there was no broker or financial advisor involved.

Our investigator further noted that the next payment for £5,000 was the sixth consecutive payment to a high-risk cryptocurrency merchant in one day, with the cumulative total for the day amounting to over £11,000. So, she thought Revolut should have intervened again and that a proportionate intervention would have been for it to have made further enquiries with Mr Z about the purpose of the payment, how he came across the opportunity, and what he was asked to do. And had it done so, as there was no evidence he'd been coached to lie and he genuinely believed that he was earning commission in return for reviewing hotel packages, she thought he'd have been honest about the purpose of the payments. Our investigator was satisfied that with this information it would have been obvious that Mr Z was being scammed and if Revolut had warned him, he wouldn't have continued with the payments.

She further explained that she didn't think the settlement should be reduced for contributory negligence because Mr Z was actively looking for employment and so it didn't seem unusual when the scammer contacted him. He was provided with a link to register his details and complete an onboarding and training process, he was added to a group chat with others who were doing the same job, he received two credits into this account, and the commission was realistic. So, she didn't think it was unreasonable that he'd gone ahead without doing more due diligence.

Finally, she was satisfied there was no prospect of a successful chargeback, and Mr Z wasn't entitled to any compensation.

Revolut asked for the complaint to be reviewed by an Ombudsman. It argued that the payments were self-to-self payments as Mr Z owned and controlled the beneficiary account, so the fraudulent activity didn't occur on the Revolut platform. It maintained that payments to cryptocurrency merchants aren't out of character for the type of account and 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 that it is entirely relevant to consider other bank interventions. So, whether Mr Z ignored warnings by any of his external banks is relevant to whether he acted negligently.

### **My provisional findings**

I issued a provisional decision on 4 February 2025 in which I said as follows:

I'm satisfied Mr Z 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr Z is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr Z didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

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 in March 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;
- 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 consumer and the different risks these can present to consumers, when deciding whether to intervene.

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've

seen, the payments were made to a genuine cryptocurrency exchange company. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr Z when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Mr Z from financial harm due to fraud.

The payments didn't flag as suspicious on Revolut's systems. I've considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr Z normally ran his account and I think they were. The first six payments were low value and so even though he was making payments to a cryptocurrency merchant, Revolut didn't need to intervene. However, by the time Mr Z made payment seven, the amount had risen to £3,600 and this was the fifth payment he'd made that day to a cryptocurrency merchant, so Revolut should have intervened.

A proportionate response would have been to provide a written warning covering some of the key features of cryptocurrency-related investment scams. However, I've thought carefully about whether a warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case, and, on balance, I don't think it would have. This is because Mr Z was the victim of an advance fee scam and was making payments for what he thought were holiday packages, which he intended to review in return for a commission. He had also received two credits into the account he'd opened under the instruction of someone he believed had got his details from a legitimate recruitment site. So, a warning about cryptocurrency investment scams wouldn't have applied to his situation.

However, I think Revolut should have intervened again when Mr Z made payment eight because this was the sixth payment he'd made in a very short time to the same cryptocurrency merchant, it was for £5,000, and the cumulative total for the payments that day was now £11,184. I've thought about the circumstances of the payments and even though the cryptocurrency exchange had become an established payee and Mr Z should have already been shown a written warning about cryptocurrency investment scams, the value of the payments was rising sharply, and I think Revolut ought reasonably to have intervened again at this point.

I think a proportionate response would have been for Revolut to have contacted Mr Z via its live chat facility and question him about the payments. It ought reasonably have asked why he was making the payments, whether there was a third party involved and if so how he'd met them, whether he'd downloaded remote access software, whether he'd been promised unrealistic returns, whether he'd made any withdrawals, whether he'd been coached to lie, whether he'd done any due diligence and whether he'd been advised to make an onwards payment from the cryptocurrency exchange.

Had it done so, as Mr Z believed he was genuinely engaged in an opportunity to earn commission by reviewing hotel packages and there's no evidence he'd been coached to lie, I'm satisfied he'd have told Revolut why he was making the payments and that it would have immediately identified that he was the victim of an advance fee scam and advised him that he was being scammed. And as I haven't seen any evidence that Mr Z was keen to take risks (much less because he was using money that he'd borrowed from friends), that he'd ignored any warnings from Revolut or his other bank, or that he'd been advised to disregard advice from his bank, I think he'd have decided not to make any more payments to the scam. Consequently, I'm satisfied that Revolut's failure to intervene when Mr Z made the eighth payment represents a missed opportunity for it to have stopped the scam and so I'm minded to direct it to refund the money he lost from that point onwards.

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 and I'm satisfied there were no interventions from Bank S.

### *Contributory negligence*

While I accept that Mr Z might have queried why he was being asked to make payments in cryptocurrency for something he expected to be paid for, he didn't know this was a red flag for fraud and so I think it's unreasonable that he didn't. I'm satisfied this was a sophisticated scam and I don't think it was unreasonable of him to have believed this job was genuine. There would have been plenty of information available online which would have alerted him to the prevalence of job scams, but as he didn't have any reason to disbelieve the scammer, I don't think it's unreasonable that he didn't search for this information. Mr Z had registered with recruitment sites and so there was no reason for him to question where the scammer got his details, he'd received withdrawals from the platform, he was added to a chat group with others who he believed were doing the same job, and he had seen positive reviews online. He'd also completed an onboarding process. So, while there are instances where a reduction for contributory negligence is appropriate, I'm not minded to conclude that this is one of them.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because Mr Z paid an account in his own name and moved the funds onwards from there.

Ms Z's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr Z's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined to fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr Z to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I don't think he is entitled to any compensation.

### **Developments**

Revolut has responded to say it doesn't agree with my provisional findings, arguing that being required to make payments in cryptocurrency in circumstances where Mr Z was expecting to be paid ought to have been an immediate red flag.

### **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.

I've considered Revolut's further comments, which I consider are relevant to contributory negligence. I accept that being required to make payments in cryptocurrency for something he expected to be paid for ought to have raised concerns. But I've carefully weighed this against the fact Mr Z didn't know paying in advance for tasks was a red flag for fraud, and he'd been looking for work so there was no reason to be suspicious when the scammer had first contacted him. Further, he'd been added to a WhatsApp chat with others claiming to be doing the same job, he felt the commission was reasonable, he'd successfully made withdrawals from the platform, and he'd seen positive reviews online. And he hadn't been coached to lie or ignore warnings from his bank. So, I don't think it was unreasonable that he thought the job was genuine and I maintain my position that the settlement should not be reduced for contributory negligence.

### **My final decision**

My final decision is that Revolut Ltd should:

- refund the money Mr Z lost from payment eight onwards less any credits received after those payments.
- pay 8% simple interest\*, per year, from the respective dates of loss to the date of settlement.

\*If Revolut Ltd deducts tax in relation to the interest element of this award it should provide Mr Z with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Z to accept or reject my decision before 31 March 2025.

Carolyn Bonnell  
**Ombudsman**