DRN-5379238

The complaint

Mrs O is unhappy Revolut Ltd won't reimburse money she lost to a scam.

What happened

In July 2023, Mrs O was looking for employment online and submitted several CVs to recruitment websites.

She was contacted by someone claiming to represent an employment agency. They offered her a remote job opportunity with a business ("M") that involved leaving positive reviews for products to earn commission.

Mrs O opened an account with M and, after undergoing various identity checks, was added to a group conversation with other 'employees' who claimed to be successfully earning commission.

Mrs O says that she was initially able to complete her tasks successfully – earning a small sum on the first day which she was able to withdraw to her cryptocurrency account.

Following that, Mrs O was given special 'premium tasks' which required her to pay money to her account in order to access the task (and any earned commission).

Over the following ten days this dynamic continued – Mrs O was given increasingly expensive 'premium tasks' requiring ever larger deposits.

Between 7 and 17 July 2023, Mrs O lost around £9,000 from her Revolut account all of which was paid to a cryptocurrency account held in Mrs O's own name, which was only opened at the request of the fraudster. Mrs O continued with payments from her account at another bank ("B") after 17 July 2023. As well as the successful payments Mrs O made, there were a number of declined transactions to other cryptocurrency providers.

Mrs O reported the matter to Revolut but it declined to reimburse her. She also reported the matter to B and it agreed to refund 50% of some of the payments Mrs O made towards the scam. She referred a complaint about Revolut to our service through a professional representative but one of our Investigators didn't uphold it. Although the investigator thought that Revolut should have done more to warn Mrs O about the risk of a scam, evidence from Mrs O's other account providers suggested she wouldn't have been forthcoming about what she was doing and Revolut wouldn't have been able to stop her from going ahead with the payments.

Mrs O's representatives disagreed, in summary they said:

- The fact that another business intervened in the payments should not result in Revolut escaping any liability.
- Revolut would have seen that Mrs O was paying a high-risk cryptocurrency provider, so she couldn't have provided the same explanations for the payments as she had to other businesses.

- The Banking Protocol should have been used when Mrs O made a payment of £4,100 on 10 July 2023. It is 'appalled' that Revolut does not operate branches or call its customers.

As no agreement could be reached the case was passed to me for a 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.

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 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;
- 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.

Like the investigator I think that Revolut should have recognised the risk that Mrs O was at heightened risk of financial harm from fraud when she attempted the £4,100 payment that took place on 10 July 2023. By July 2023 I'd expect Revolut to treat payments to cryptocurrency as carrying a heightened risk of fraud. The £4,100 payment was the fourth in a single day to a high-risk merchant and the total value of the payments made that day was over £8,000. Given that level of risk, I'd expect there to have been a human intervention and for Revolut to have contacted Mrs O to ask her about the circumstances surrounding the payment.

Revolut didn't provide any warnings to Mrs O. But it isn't enough for me to simply find it at fault (as Mrs O's representative argues), I must also conclude that its fault caused Mrs O's loss.

In July 2023, I consider the main risk associated with cryptocurrency to be that of cryptocurrency investment scams. But, despite that, had Mrs O explained the circumstances surrounding the payment, I'd expect Revolut's staff to be able to identify that she was likely falling victim to a scam. I think, as the expert, it could have identified that it's unlikely that the

activity that Mrs O was undertaking could generate the profits claimed and that the repeated requests for increasing sums of money were a common feature of many scams.

If Mrs O didn't reveal the true purpose of the payments, then I'd expect Revolut to cover off the main risk associated with the payment – cryptocurrency investment scams. And as Mrs O was falling victim to a different type of scam, it follows that in those circumstances the scam wouldn't have come to light.

So, the question for me to consider is whether Mrs O would have been forthcoming about the reasons for the payment had Revolut made reasonable enquiries.

She wasn't forthcoming when asked by two of her other account providers. She told B that she was moving money to pay for a gift for a loved one. She told another account provider ("H") that she was moving money to her husband's account so they could pool their savings in order to apply for a mortgage. It's important to acknowledge, however, that during neither of these calls was Mrs O pressed on the circumstances surrounding the payments.

Mrs O's representatives argue that Revolut was in a materially different position to B or H, as it could see that the payments were going to a high-risk cryptocurrency provider.

Mrs O did tell H that she was purchasing cryptocurrency in a call on 15 July 2023 (a payment that, unlike the others made from B or H was going directly to a cryptocurrency provider). H didn't make any significant enquiries about what Mrs O would be using the cryptocurrency for, but neither was Mrs O forthcoming about the underlying purpose of the transaction. H just provided a warning about cryptocurrency investment scams.

When I asked Mrs O why she wasn't open with H and B, her representatives said that she was told what to say by the fraudsters and appears to have been coached by them. Separately her representatives have said that she was not coached to mislead Revolut.

I also asked Mrs O's representatives to provide the full correspondence between her and the fraudster in order to get a better understanding of how events unfolded. They said that the fraudster had 'wiped' the messages. I put it to them that the instant messaging application Mrs O was using wouldn't allow the fraudster to delete messages sent by another person – so I'd expect to still see some evidence of the conversation. Mrs O's representatives said that the fraudster moved the conversation to another application that allowed entire conversations to be deleted by one party – but there's no evidence that Mrs O was directed to a different messaging application in the very limited correspondence that I have.

I accept that, had Revolut questioned Mrs O about the payment she would have likely acknowledged that it was going to a cryptocurrency provider and this would have been apparent to Revolut. But I'm not persuaded that would have brought the scam to light – as it didn't when H spoke to Mrs O about a payment to cryptocurrency (albeit with virtually no questioning around the underlying purpose of the payment).

As I've set out, uncovering the scam would have required a reasonably full and frank explanation of the circumstances of the payment by Mrs O, but the apparent acknowledgement that she was being coached by the fraudsters as well as the answers she gave to other firms does not suggest this would have happened. I've not seen any persuasive evidence that leads me to think that Mrs O would have reason to be more open with Revolut than she was with B or H.

So, weighing up the evidence I do have, and taking into account the fact Mrs O hasn't been able to provide the full correspondence between her and the fraudster (which might have shed some more light on the situation, particularly the extent of any coaching) I've concluded

it's more likely than not that Mrs O wouldn't have told Revolut the true reason for purchasing cryptocurrency. And although it should have still given a cryptocurrency investment scam warning as that was the main risk associated with the payment, that wouldn't have brought the scam to light.

Mrs O's representatives appear to argue that Revolut should have gone further and enacted the Banking Protocol. That's a procedure by which a bank can ask for the police to attend a branch in order to speak to its customer. Putting aside the fact that Revolut don't operate branches, I don't think the risk of the payment was so great that Revolut ought to have done more than make some enquiries about the circumstances surrounding it.

Finally, I can see that the money that Mrs O sent to B was converted into cryptocurrency and sent off its platform. In those circumstances, there was no prospect of recovery.

I know this will be very disappointing for Mrs O and I'm sorry that she's fallen victim to a cruel scam, but for the reasons I've explained, I do not uphold this complaint.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 4 April 2025.

Rich Drury
Ombudsman