

## The complaint

Ms C complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

Ms C is being represented by a third party. To keep things simple, I will refer to Ms C throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Ms C found an advert for a job on social media with a company I will call "X" and took an interest in it. The job involved Ms C completing multiple tasks to increase creators' popularity on the social media platform.

Ms C agreed to the role and started to complete her allocated tasks; however, she then saw her account balance drop below £0.00 and was required to make payments to rectify this.

Ms C made multiple payments to correct negative figures until a much larger payment was requested from her. At that stage Ms C realised she had fallen victim to a scam.

As part of the scam Ms C was required to download various cryptocurrency related accounts.

Ms C made the following payments in relation to the scam:

Payment	Date	Payee	Payment Method	Amount
1	5 December 2024	Individual 1	Debit Card	£20.86
2	5 December 2024	Individual 2	Debit Card	£49.86
3	5 December 2024	Individual 2	Debit Card	£21.86
4	6 December 2024	Remnity	Card Transfer	£160.00
5	6 December 2024	Remnity	Card Transfer	£177.99
6	6 December 2024	Remnity	Card Transfer	£187.99
7	6 December 2024	Remnity	Reverted	£991.99
8	6 December 2024	CRO	Reverted	£0.10
9	6 December 2024	CRO	Reverted	£0.10
10	6 December 2024	CRO	Reverted	£0.10
11	6 December 2024	CRO	Debit Card	£988.70
12	6 December 2024	CRO	Debit Card	£669.44
13	6 December 2024	CRO	Debit Card	£1,019.60
14	8 December 2024	CRO	Declined	£1,019.60
15	8 December 2024	CRO	Declined	£1,019.60
16	8 December 2024	CRO	Reverted	£1,019.60
17	8 December 2024	CRO	Reverted	£1,019.60
18	8 December 2024	CRO	Reverted	£810.42

19	8 December 2024	CRO	Reverted	£810.42
20	8 December 2024	CRO	Reverted	£1,019.60
21	8 December 2024	Moonpay	Debit Card	£1,230.00
22	8 December 2024	CRO	Debit Card	£742.04
23	8 December 2024	CRO	Debit Card	£1,019.60
24	9 December 2024	Moonpay	Debit Card	£1,350.00

Our Investigator considered Ms C's complaint and thought it should be upheld in part. Revolut disagreed, so this complaint has been passed to me to decide.

### **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 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 C 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 C 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 2024 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 to 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 2024 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 EMIs like Revolut do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>1</sup>
- 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 in December 2024, Revolut, whereby if it identified a scam risk associated with a card payment through its automated systems, could (and sometimes did) initially decline to make that payment, in order to ask some additional questions (for example through its in-app chat).

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 “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.

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<sup>1</sup> 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\\_fo urfold\\_reduction\\_in\\_card\\_fraud\\_and\\_had\\_offers\\_from\\_banks/](https://www.revolut.com/news/revolut_unveils_new_fleet_of_machine_learning_technology_that_has_seen_a_fo urfold_reduction_in_card_fraud_and_had_offers_from_banks/)

- The October 2017, BSI Code<sup>2</sup>, 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 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 Duty<sup>3</sup>, 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"<sup>4</sup>.
- Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency<sup>5</sup> 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 2024 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,

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<sup>2</sup> BSI: PAS 17271: 2017" Protecting customers from financial harm as result of fraud or financial abuse

<sup>3</sup> 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.

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

<sup>5</sup> 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.

- 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); 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 2024, Revolut should in any event have taken these steps.

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

The payments Ms C made in relation to the scam, although were being made in relation to cryptocurrency, they were not of such a significant value that I would have expected Revolut to have concerns.

However, Ms C did contact Revolut via its in-app chat facility on 7 December 2024. She explained that she had been making payments to complete work-based tasks and had been asked to make further payments as her credit score was low.

I think it should have been clear to Revolut at this stage that Ms C was falling victim to a scam. Job based scams like the one Ms C was explaining were common at the time and Revolut would have had a good understanding of the common attributes Ms C was confirming.

*What did Revolut do to warn Ms C?*

Ms C was required to confirm the payments she made via 3DS secure, essentially confirming it was her that had been making the payments and not a third party.

*What kind of warning should Revolut have provided?*

During the chat that took place between Ms C and Revolut on 7 December 2024 I think it was clear Ms C was likely falling victim to a job scam. Given the information available to Revolut at the time I think a proportionate response to that risk would be for Revolut to provide a clear warning to Ms C that she was likely falling victim to a common scam.

*If Revolut had provided a warning of the type described, would that have prevented the losses Ms C suffered from 7 December 2024 onwards?*

Ms C had contacted Revolut with concerns about the payments she was making so I think had Revolut probed further it would likely have gotten a better understanding of payments Ms C was making.

So, Revolut should, once it had established why Ms C was making the payments, provided a very clear warning that explained, as a minimum, that it was very likely Ms C was falling victim to a well-known scam.

I think, on the balance of probabilities, that's likely to have caused Ms C to stop. She didn't want to lose her money, and I can see no reason for her to have continued to make the payments if she was presented with a warning of this nature.

I'm satisfied that had Revolut provided a clear warning (as I think it should have), Ms C's loss from 7 December 2024 onwards would have been prevented.

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

In reaching my decision about what is fair and reasonable, I have taken into account that Ms C purchased cryptocurrency, rather than making a payment directly to the fraudsters. So, she remained in control of her money after she made the payments from her Revolut account, and it took further steps before the money was lost to the fraudsters.

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 to another financial business (a cryptocurrency exchange)

But as I've set out in some detail above, I think that Revolut still should have recognised that Ms C might have been at risk of financial harm from fraud when the chat on 7 December 2024 took place, and in those circumstances it should have made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Ms C suffered. The fact that the money wasn't lost at the point it was transferred to Ms C's own account does not alter that fact and I think Revolut can fairly be held responsible for Ms C'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 C 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 C could instead, or in addition, have sought to complain against those firms. But Ms C 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 C'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 consumer's loss from 7 December onwards. (subject to a deduction for consumer's own contribution which I will consider below).

*Should Ms C bear any responsibility for her loss?*

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services

and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Ms C should share blame for what happened. I say this because I think there were red flags Ms C should have taken notice of, such as being offered a job without a formal interview and having to make payments in relation to the job which isn't common of any legitimate role. Ms C also clearly had concerns but continued with the payments anyway.

Had Ms C taken more care, for instance by taking advice, whether that be formal or from friends and family about the payments she was making. Or had researched the type of role she was undertaking I think it's likely she would also have been in a position to prevent her loss.

### *Recovering the payments Ms C made*

Ms C made payments via her debit card and transfer to card. It appears that the payments Ms C made by card were made in exchange for cryptocurrency, and it took further steps for these funds to be sent to the scammer, so any attempt to recover the funds would have no prospects of success.

There are no recovery options available for transfer to card payments.

With this in mind I don't think Revolut had any reasonable options available to it to recover the payments Ms C made.

### **Putting things right**

To put things right I require Revolut Ltd to:

- Refund all successful payments made in relation to the scam from 7 December 2024 onwards (payments 21-24).
- Add 8% simple interest to the amount it pays Ms C from the date of loss to the date the payment is made (less any lawfully deductible tax)

### **My final decision**

I uphold this complaint and require Revolut Ltd to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms C to accept or reject my decision before 11 July 2025.

Terry Woodham  
**Ombudsman**