

## **The complaint**

Miss A is unhappy that Revolut Ltd ('Revolut') won't refund the money she lost after she fell victim to a scam.

## **What happened**

I issued a provisional decision for this complaint on 4 March 2025. In it I set out the background and my proposed findings. I've included a copy of the provisional decision at the end of this final decision, in italics. I won't then repeat all of what was said here.

Both parties have now had an opportunity to respond to the provisional decision. Miss A accepted the outcome. Revolut didn't respond. As the deadline for responses has now expired, I'm going on to issue my 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 the complaint in part, in line with my provisional findings.

As Miss A accepted those findings, and Revolut didn't respond, there is no further evidence or arguments for me to consider. I see no reason to depart from the findings and reasoning I've already explained.

## **Putting things right**

For the reasons explained here and in my provisional decision I uphold this complaint and ask Revolut Ltd to:

- refund Miss A £5,330 (being 50% of the sum of the final four payments made to the scammer – transactions 11-14 in the table detailed within the provisional decision).
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Miss A with the appropriate tax deduction certificate).

## **My final decision**

I uphold this complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 16 April 2025.

## ***Provisional Decision***

*I've considered the relevant information about this complaint.*

*Having done so, I've reached a different outcome to our Investigator. I am still minded to uphold this complaint in part, but the redress I'm mindful to ask Revolut to pay Miss A differs from our Investigator's recommendations.*

*The deadline for both parties to provide any further comments or evidence for me to consider is 18 March 2025. Unless the information changes my mind, my final decision is likely to be along the following lines.*

*If Revolut Ltd accepts my provisional decision, it should let me know. If Miss A also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.*

### **The complaint**

*Miss A is unhappy that Revolut Ltd ('Revolut') won't refund the money she lost after she fell victim to a scam.*

### **What happened**

*The background to this complaint is well known to both parties and the Investigator's view covered this and the timeline in detail, so I'm not going to cover everything again here. But in summary I understand it to be as follows.*

*In or around July 2023, Miss A was looking for work and had placed her details on a number of websites. She was contacted about a task-based role and expressed an interest, following which she was contacted through a well-known messaging service. But unknown to her at the time she had been contacted by fraudsters.*

*The fraudsters persuaded Miss A to pay her own money in order to proceed with the work and asked for money when she tried to withdraw her funds. Miss A was instructed to purchase cryptocurrency from a number of cryptocurrency exchange platforms (with whom she held accounts). Once her money had been converted into cryptocurrency it was then sent to accounts controlled by the fraudsters.*

*Detailed below are the transactions Miss A made (and received) from her Revolut account as part of the scam;*

1.	30 June 2023	£20	card payment to exchange platform 1
2.	1 July 2023	£50	card payment to exchange platform 1
3.	1 July 2023	£87	card payment to exchange platform 2
4.	1 July 2023	£383.58	credit from exchange platform 2
5.	2 July 2023	£165.81	card payment to exchange platform 2
6.	2 July 2023	£600	card payment to exchange platform 2
7.	2 July 2023	£600	card payment to exchange platform 2
8.	2 July 2023	£1,500	card payment to exchange platform 2
9.	2 July 2023	£327.57	card payment to exchange platform 2
10.	2 July 2023	£30	card payment to exchange platform 3
11.	2 July 2023	£3,400	card payment to exchange platform 2
12.	2 July 2023	£5,000	card payment to exchange platform 2
13.	2 July 2023	£2,200	card payment to exchange platform 2
14.	2 July 2023	£60	card payment to exchange platform 2

*Miss A realised she'd been scammed when she was asked to pay increasingly larger sums to release tasks and to be able to make withdrawals. She reported the matter to Revolut, but it didn't uphold her complaint.*

*Unhappy with Revolut's response, Miss A referred her complaint to this service, with the help of a professional representative. One of our Investigator's looked into things and thought the complaint should be upheld in part. In summary, our Investigator said that when Miss A made the payment of £327.57 (transaction 9 in the table above) there was enough going on for Revolut to have provided Miss A with a warning. But she thought a proportionate warning for Revolut to have provided would have been around cryptocurrency investment scams, which she didn't think would have resonated with Miss A, as she was falling victim to a job-based scam.*

*But our Investigator thought, at the point Miss A then went on to make a further payment for £3,400 (transaction 11), that a human intervention should have taken place and Revolut should have spoken to Miss A before allowing this payment to be progressed. It was our Investigator's view that had Revolut asked Miss A questions about the purpose of the payment then the scam would have been revealed and Miss A wouldn't have made this or the subsequent payments.*

*Our Investigator also considered whether Miss A should share any responsibility for her loss, but she didn't think she should. Overall, our Investigator recommended that Revolut refund Miss A the amount she lost, from the point she made the payment for £3,400, along with interest.*

*Miss A accepted our Investigator's view, but Revolut disagreed and maintained that it shouldn't be liable for the loss.*

*As agreement couldn't be reached the complaint has been passed to me for a decision.*

### ***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.*

*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 Miss A modified the starting position described in Philipp, by – among other things – 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” (section 20).*

*So Revolut was required by the terms of its contract to refuse payments in certain circumstances, including to comply with regulatory requirements such as the Financial Conduct Authority's Principle for Businesses 6, which required financial services firms to pay due regard to the interests of their customers and treat them fairly. I am satisfied that paying due regard to the interests of its customers and treating them fairly meant Revolut should have been on the look-out for the possibility of fraud and refused card payments in some circumstances to carry out further checks.*

*In practice Revolut did in some instances refuse or delay payments at the time where it suspected its customer might be at risk of falling victim to a scam.*

*I must also take into account that 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 July 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 did 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;*

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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-fourfold-reduction-in-card-fraud-and-had-offers-from-banks/>

- *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 July 2023, 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).*

*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)<sup>2</sup>.*
- *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 Code<sup>3</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).*
- *Revolut should also have been aware of the increase in multi-stage fraud, particularly involving cryptocurrency 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*

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<sup>2</sup> Since 31 July 2023 under the FCA’s new Consumer Duty package of measures, banks and other regulated firms must act to deliver good outcomes for customers (Principle 12), but the circumstances of this complaint pre-date the Consumer Duty and so it does not apply.

<sup>3</sup> BSI: PAS 17271: 2017” Protecting customers from financial harm as result of fraud or financial abuse”

*(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 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); 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 July 2023, Revolut should in any event have taken these steps.*

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

*I think by transaction 9 a pattern was emerging which was indicative of someone who was being scammed. It was the fifth payment made on the same day and whilst the value of the payments wasn't consistently rising, cumulatively over £3,000 had been made in a short period of time and multiple payments made to cryptocurrency exchanges on the same day is commonly a sign that someone is potentially being scammed.*

*That said, what I consider would have been a proportionate step for Revolut to take at that point, would have been for Revolut to have given Miss A a written warning setting out the common features of a cryptocurrency scam. But I don't think that this would have stopped the scam. I say this because I would have expected Revolut to have provided a warning tailored towards a cryptocurrency scam, rather than towards the key risks of job scams. So I'm not persuaded a warning about cryptocurrency investments would have resonated with Miss A.*

*However, when the payments continued, I think that Revolut should have intervened again – specifically at the point Miss A was attempting to make transaction 11. This was now the seventh payment, in quick succession, on the same day, with a noticeable uplift in the value of the payment. Having thought carefully about the risk this transaction presented, 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 Miss A's account. I think it should have done this by, for example, directing Miss A to its in-app chat to discuss the payment further.*

*What did Revolut do to warn Miss A?*

*From the evidence I've seen, my understanding is that no warnings were provided by Revolut.*

*If Revolut had intervened, would that have prevented the losses Miss A suffered from transaction 11?*

*Miss A doesn't appear to have been given any cover story by the scammers. So if Revolut had questioned her about these payments, I think it's likely she would have been honest about what they were for and how she had come across the job opportunity.*

*If an intervention had taken place, as for reasons explained I think it ought to have done, I would reasonably expect Revolut to have asked open-ended and probing questions about the circumstances of the payment and explained the context around any questions it asked. I'm persuaded that, on the balance of probabilities, had Miss A been probed on the purpose of the payments she would have explained that they were being made for the purposes of a job.*

*Revolut would have likely discovered that she had been contacted by a company offering to pay her for completing tasks, but that Miss A had been told that she would have to pay money into the scheme using cryptocurrency to unlock more tasks and to release her earnings and by this point she had made a number of payments, with increasing frequency and value.*

*What was happening had the hallmarks of an advance fee scam wherein a victim is continually asked to make payments whilst being told that the next payment will be the last. With this, I think Revolut would have recognised that she was likely falling victim to a scam and I think it then would have been reasonably able to provide a warning that there was a significant risk that these payments were part of a scam. I think it more likely than not Miss A would have acted on such a warning.*

*I say that especially as the evidence I've seen suggests to me that by this point Miss A was becoming hesitant due to the increasing demands. So I don't think it would have taken much for Revolut to have compounded these doubts and to have quickly uncovered that Miss A was in the process of being scammed.*

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

*In reaching my decision about what is fair and reasonable, I have taken into account that Miss A purchased cryptocurrency which credited e-wallets held in her own name, 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.*

*But as I've set out in some detail above, I think that Revolut still should have recognised that Miss A might have been at risk of financial harm from fraud when she was making transaction 11, 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 Miss 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 Miss A's own account does not alter that fact and I think Revolut can fairly be held responsible for Miss 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 Miss 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 Miss A could instead, or in addition, have sought to complain against those firms. But Miss A has not chosen to do that and ultimately, I cannot compel them to. In those circumstances, I can only make an award against Revolut.*

*I'm also not persuaded it would be fair to reduce Miss 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 Miss A's loss from transaction 11, subject to a deduction for her own contribution which I will consider below.*

#### *Should Miss A bear any responsibility for their losses?*

*I've thought about whether Miss A should bear any responsibility for her loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint.*

*I recognise that there were some relatively sophisticated aspects to this scam, not least a platform, which was used to access and manage the user's apparent earnings/tasks and that the company appeared legitimate and was registered on Companies House. As well as this, I can understand how Miss A would have been reassured by receiving some funds back into her account. So I can understand, why Miss A may have initially been drawn in by the scammers. But I'm persuaded there was enough going on, by the time Miss A was making the 11th transaction (for £3,400), that she ought to have proceeded with more caution than she did.*

*I say this because, at its heart, the scam appears to have been fairly implausible. While I haven't seen and heard everything that Miss A saw, the scammer's explanation for how the scheme worked is questionable (in terms of giving positive reviews/boosting ratings, seemingly without much test or use of the service or product that is being given a positive rating). And I think Miss A ought reasonably to have questioned whether the activity she was tasked with carrying out (which does not appear to be particularly time-consuming or arduous) could really be capable of generating the returns promised.*



*As well as this, there was no formalisation of the arrangement between her and the employer – for example, there was no written contract and indeed no clear setting out of the terms of her employment. In addition to that, the arrangement was an inversion of the normal employer-employee relationship. In most circumstances, people expect to be paid by their employer, rather than the other way around. As far as I can see, there wasn't really any attempt to explain this uncommon arrangement.*

*I note also that Miss A did actually ask the fraudsters, at the outset, whether she would be required to put any money in, but was told no. I can't see that Miss A questioned this further, when she was subsequently asked to make payments, for increasing amounts. I think it also ought reasonably to have given Miss A cause for concern when the scammers suggested she borrow money in order to facilitate payments to it, I don't think a legitimate employer would act in such a way.*

*Overall, I'm minded to say it's fair and reasonable for Revolut to make a 50% deduction from the redress payable to Miss A.*

### Recovery

*The payments were made by card to a cryptocurrency provider, into an account in Miss A's own name. It was only when Miss A sent that cryptocurrency on to the fraudsters did the loss occur.*

*So, Revolut would not have been able to recover the funds. In addition, I don't consider that a chargeback would have had any prospect of success given there's no dispute that the cryptocurrency exchange provided cryptocurrency to Miss A, which she subsequently sent to the fraudsters. So, I don't think Revolut should have done anything more to try and recover Miss A's money.*

### Putting things right

*For the reasons explained, I'm minded to uphold this complaint in part and intend to ask Revolut Ltd to:*

- refund Miss A £5,330 (being 50% of the sum of the final four payments made to the scammer – transactions 11-14 in the table above).*
- pay interest on this amount calculated at 8% simple per year from the date of loss to the date of settlement (if Revolut Ltd deducts tax from this interest, it should provide Miss A with the appropriate tax deduction certificate).*

### **My provisional decision**

*For the reasons given above my provisional decision is that I intend to uphold this complaint in part.*

Stephen Wise  
**Ombudsman**