

The complaint

Mr B complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by a job 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 May 2023, Mr B received a WhatsApp message from someone who claimed to be calling from recruitment company. He'd been looking for work and had registered with various recruitment sites, so he expressed his interest and was later contacted by someone I'll refer to as "the scammer". The scammer said he represented various travel companies (some of which Mr B had heard of), and that the role would require him to review hotels. He explained Mr B would need to make deposits in cryptocurrency to buy tasks, and that this would be reimbursed as part of the commission upon completion of sets of tasks.

Mr B was added to a Telegram group with others claiming to be doing the same role and the scammer told him to set up an account on the platform. He asked him to first purchase cryptocurrency through cryptocurrency exchange companies I'll refer to as "B" and "M", and then load it onto an online wallet. Between 15 May 2023 and 8 June 2023, he made ten card payments totalling £26,150 from his Revolut account.

After a few weeks, Mr B was upgraded to 'agent' status, which allowed access to more tasks with higher commissions, which also required larger deposits. But when he tried to make a withdrawal, he was told he'd have to complete more tasks. He eventually realised he'd been scammed when he was told that someone was attempting to hack his account, and he did some research which uncovered the scam.

Mr B complained to Revolut when he realised he'd been scammed, but it refused to refund any of the money he'd lost. Mr B wasn't satisfied and so he complained to this service with the assistance of a representative who said Revolut should have intervened because he was making large payments to a new payee following payments into the account.

They said Revolut should have asked Mr B who he was trading with and how he met them, whether he'd done any research, whether he'd been predicted unrealistic returns, and whether he'd received any withdrawals. And as he hadn't been prompted to lie, it would have realised he was the victim of a scam, and his loss would have been prevented.

Revolut said the transactions were authenticated via 3DS and as soon as the payments were completed, the service was considered to have been provided in full, so there were no chargeback rights. It also said the payments were made to accounts in Mr B's own name with well-known cryptocurrency providers, so the fraudulent activity didn't take place on the Revolut platform.

It further argued that the payments weren't out of character for the account and there was a gap of 24 days between the first and the last payments, so there was no indication that Mr B

was making transactions under duress. And the declared purpose of the account was 'crypto', so the payments were well within the account purpose.

Revolut also said Mr B failed to undertake appropriate due diligence, stating that there was information online which confirmed that one of the travel companies was operating a scam.

Our investigator thought the complaint should be upheld. She noted the Revolut account was opened in 2018, and the account opening purpose was 'crypto'. She commented that the previous payments on the account were low-value and Mr B had previously purchased cryptocurrency, and she didn't think Revolut needed to intervene when Mr B made the first payment because it was low value. But she thought it should have intervened when he made second payment of £1,850 because it was made an hour after the first payment, and the cumulative total of the two transactions was £3,400.

She thought a proportionate response would have been for Revolut to ask Mr B to select a payment purpose and as he hadn't been coached to lie, he'd have confirmed that he was making the payments in connection with a job opportunity. Revolut should then have provided a tailored a scam warning covering off the key features of job scams and advising him to do further checks, which would have revealed the scam. She recommended that Revolut should refund the money Mr B had lost from the second payment onwards, but she felt the settlement should be reduced by 50% for contributory negligence because he didn't undertake any research and she felt that if he'd done some basic checks, he'd have discovered information suggesting the job was a scam (as he ultimately did when he was unable to make a withdrawal).

Revolut asked for the complaint to be reviewed by an Ombudsman, citing the Supreme Court's judgment in *Philipp v Barclays Bank UK plc* [2023] UKSC 25 where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, "no inquiries are needed to clarify or verify what the bank must do. The bank's duty is to execute the instruction, and any refusal or failure to do so will prima facie be a breach of duty by the bank."

It argued that neither the Contingent Reimbursement Model ("CRM") Code nor the incoming mandatory reimbursement rules impose an obligation to reimburse customers for "self-to-self" transactions, and for this service to effectively apply the reimbursement rules to self-to-self transactions is an error of law. Alternatively, this service has irrationally failed to consider the fact that the transactions were self-to-self, and therefore obviously distinguishable from transactions subject to the regulatory regime concerning APP fraud.

It also argued that it's irrational to hold it liable for losses in circumstances where it is merely an intermediate link, and there are typically other authorised banks and other financial institutions in the payment chain that have comparatively greater data on Mr B than Revolut.

Finally, it explained that Mr B was given relevant scam education on 19 May 2023 and that he failed to conduct due diligence which would have shown negative reviews about the scam company which were published because he made the payments.

My provisional decision

I issued a provisional decision on 11 March 2023, in which I stated as follows:

I'm satisfied Mr B '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, he is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr B 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 May 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 consumers) 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 genuine cryptocurrency exchanges. 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 B 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 B 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 B normally ran his account and I think they were. The account had previously been used to send funds to cryptocurrency merchants, the account opening purpose was 'crypto', and the first payment was relatively low value, so Revolut didn't need to intervene. But the second payment was made on the same day and brought the cumulative total to £3,400 to a high-risk cryptocurrency merchant, so I agree with our investigator that Revolut ought to have intervened.

In May 2023, based on the information it had, we would expect Revolut to have shown Mr B a tailored written warning which was relevant to cryptocurrency investment scams before processing the payment. But, unfortunately, as Mr B was sending funds in connection with a job opportunity rather than investing, I don't think this would have resonated with him and so I don't think this would have stopped the scam, especially as he believed the opportunity was genuine, he trusted the scammer, he was familiar with some of the companies he thought he was doing reviews for, he was familiar with cryptocurrency, and he'd been added to a chat group with others claiming to be doing the same job.

I've considered whether there were any further opportunities to intervene and while the payments did increase slightly, I don't think this was to the extent that Revolut needed to intervene again. And even if it did, it would only have needed to present another warning about cryptocurrency investment scams, so I don't think it would have made any difference.

So, while I agree that Revolut missed an opportunity to intervene, I don't think this represented a missed opportunity to prevent Mr B's loss.

Recovery

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

Mr B's own testimony supports that he used cryptocurrency exchanges to facilitate the payments. 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 B'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 B 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

Mr B's representative agrees Revolut ought to have intervened when he made the second payment, but they've argued that it should have provided a tailored warning relevant to job scams, not just cryptocurrency investment scams, and had it done so he might have realised the fraudulent nature of the transactions.

They've also argued that Revolut's decision not to raise a chargeback request was premature and unfair and that there were delays and errors in the investigation process which might have increased the chances of recovering some of the lost funds. And they've suggested he should be awarded compensation because the scam has had a significant psychological impact, causing distress and financial hardship.

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 the additional comments raised by Mr B's representative, but I'm afraid the outcome of the complaint will remain the same.

Mr B's representative has stated that Revolut should have presented Mr B with a written warning tailored to job scams when he made the second payment. But in May 2023, we wouldn't expect it to have asked for more information about the payment and so there would have been no indication that he was falling victim to a job scam. So, there would have been no reason to warn him about job scams and a warning about cryptocurrency investment scams would have been relevant and proportionate.

I've previously explained that 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 B'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.

I've explained above why Mr B isn't entitled to any compensation and Mr B's representative hasn't said anything to change my mind.

I'm sorry to hear Mr B has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I'm not minded to tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I'm not minded to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 23 April 2025.

Carolyn Bonnell
Ombudsman