

## The complaint

Miss S is complaining that Revolut Ltd won't reimburse her for payments she made to a scam.

## What happened

The background to the complaint is well known to both parties so I won't repeat it in detail here.

In summary, in December 2023 Miss S fell victim to a job scam after being contacted by a scammer offering her a job opportunity. The scammer told her to use her Revolut account to make payments to a platform in order to be able to complete the tasks and earn commission.

Miss S made, or attempted to make, the following payments to the scam in early December 2023, via a mix of card payments to a cryptocurrency exchange to buy cryptocurrency (which she then transferred to the scam) or by direct payments to individuals to buy cryptocurrency via a cryptocurrency trading platform.

<b>Payment number</b>	<b>Date</b>	<b>Type of transaction</b>	<b>Payee</b>	<b>Amount (including fee where applicable)</b>
1	3 December 2023	Card payment	Cryptocurrency merchant	£70
2	4 December 2023	Card payment	Cryptocurrency merchant	£480
3	4 December 2023	Push to card transfer	Payee 1	£973.56
4	4 December 2023	Push to card transfer	Payee 1	£49.43
5	4 December 2023	<i>Push-to-card transfer (cancelled)</i>	<i>Payee 2</i>	<i>£2,455.20</i>
6	5 December 2023	Push to card transfer	Payee 3	£2,467.15

Miss S continued in conversations with the scammer for around a month, but then realised she'd been scammed. In February 2024, she contacted Revolut to report the scam. Revolut encouraged Miss S to raise a chargeback claim to attempt to recover the payments, but it wasn't successful.

Miss S complained to Revolut about what had happened, but it didn't uphold her complaint – so she brought it to us. Our Investigator looked into things, but he didn't think Revolut ought to have done any more to prevent Miss S's payments to the scam. Miss S disagreed, so her complaint was passed to me for review and a decision.

I issued my provisional decision on 9 April 2025. This is what I said.

### *My provisional decision*

*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 Miss S 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".*

*So Revolut was required by the implied terms of its contract with Miss S and the Payment Services Regulations to carry out their instructions promptly, except in the circumstances set*

out in its contract, which included where regulatory requirements meant it needed to carry out further checks.

Whether or not Revolut was required to refuse or delay a payment for one of the reasons set out in its contract, the basic implied requirement to carry out an instruction promptly did not in any event mean Revolut was required to carry out the payments immediately<sup>1</sup>. Revolut could comply with the requirement to carry out payments promptly while still giving fraud warnings, or making further enquiries, prior to making the payment.

And, I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should in December 2023 fairly and reasonably 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 (irrespective of whether it was also required by the express terms of its contract to do so).

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 do in fact seek to take those steps, often by:

- using algorithms to identify transactions presenting an increased risk of fraud;<sup>2</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.

In reaching my conclusions about what Revolut ought fairly and reasonably to have done, 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 the “Financial crime: a guide for firms”.

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<sup>1</sup> The Payment Services Regulation 2017 Reg. 86(1) states that “the payer’s payment service provider must ensure that the amount of the payment transaction is credited to the payee’s payment service provider’s account by the end of the business day following the time of receipt of the payment order” (emphasis added)

<sup>2</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\\_/](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_/)

- *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).*
- *Since 31 July 2023, under the FCA’s Consumer Duty<sup>4</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>5</sup>.*

*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 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;*
- *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;*

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

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

- *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).*

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

*It isn't in dispute that Miss S has fallen victim to a cruel scam here, nor that she authorised the payments she made to third parties and to her cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).*

*Whilst I have set out the circumstances which led Miss S to make the payments using her Revolut account and the process by which that money ultimately fell into the hands of the fraudster, I am mindful that, at that time, Revolut had much less information available to it upon which to discern whether any of the payments presented an increased risk that Miss S might be the victim of a scam.*

*Miss S had held her account with Revolut for a year. She didn't use it very often, but had previously made transfers from the account up to the value of £1,000.*

*The first two payments Miss S made to the scam were by debit card, to a cryptocurrency exchange. They were relatively small amounts in the context of the payments Revolut see each day and although obviously made to buy cryptocurrency, which I'd have expected Revolut to be mindful of, they weren't of a value where they ought to have been particularly concerned. So, I agree with the investigator here that I wouldn't have expected Revolut to have intervened on these payments.*

*Revolut did view Payment 3 as potentially concerning. So, it asked Miss S for the purpose of the payment. Miss S selected "buy or rent goods and services." Revolut then asked Miss S to fill in a questionnaire, which asked her to confirm, among other things, that she knew the seller was legitimate. Revolut went on to show Miss S a warning about scams related to buying goods and services, and then it released the payment.*

*Payment 4 was to the same payee as Payment 3. Revolut didn't intervene here, but the payment was not of a value where I'd expect it to have done.*

*Payment 5 showed an escalation in value and once again, Revolut found the circumstances of this payment to be concerning – so it asked Miss S for the purpose of the payment.*

*Miss S again told Revolut the payment was for "goods and services", and as before, Revolut asked Miss S to complete a questionnaire relating to the payment purpose she'd selected, which she did. But this time, when Revolut asked Miss S if she knew the seller was legitimate, she answered "no" – which caused it to have further concerns. So, it directed her to join a chat to discuss the payment further.*

*During the chat Miss S said that she wasn't being instructed or guided by anyone, but she also explained that she was attempting to buy cryptocurrency on a trading app. People can, and do, buy cryptocurrency legitimately this way. But in the overall circumstances here, the mention of the payment being to buy cryptocurrency is usually something I'd have expected Revolut to have explored further with Miss S, by asking further questions about the circumstances in which she was making the payment.*

*However, the chat between Revolut and Miss S ended shortly after she explained that she was buying cryptocurrency, because Miss S asked Revolut to cancel the payment. So, Revolut didn't need to ask any more questions in order to satisfy itself about the circumstances of this payment before it released it. It gave Miss S some general*

*guidance on how to attempt the payment again if she wished to. But the conversation about the payment circumstances didn't continue further beyond the point Miss S asked to cancel it.*

*I've thought carefully about what the conversation about Payment 5 means for Payment 6, which Miss S made the next day, again to purchase cryptocurrency from an individual. I can see that, again, Revolut found the payment to be suspicious. It asked for the payment purpose and Miss S gave same reason, goods and services, as she'd given twice before. And she again completed the questionnaire based on this payment purpose - but this time Miss S's answers to the questionnaire didn't lead Revolut to have any concerns, and it didn't instigate a chat before releasing the payment.*

*I do think at the time Miss S made Payment 6 to the scam, the overall pattern of the payments she'd made, or attempted to make, to the scam on the previous day was beginning to look like it could indicate that Miss S was at a heightened risk of financial harm. The collective value of these payments to new payees, made in quick succession which can be a common feature of scams, was out of character for Miss S compared to her typical account usage. I therefore consider Revolut should have had sufficient reason to suspect Miss S could be at risk of financial harm at this point.*

*What kind of warning should Revolut have provided?*

*I've thought carefully about what a proportionate warning in light of the risk presented would be in these circumstances. In doing so, I've taken into account that many payments that look very similar to this one will be entirely genuine. I've given due consideration to Revolut's primary duty to make payments promptly.*

*As I've set out above, the FCA's Consumer Duty, which was in force at the time these payments were made, requires firms to act to deliver good outcomes for consumers including acting to avoid foreseeable harm. In practice this includes maintaining adequate systems to detect and prevent scams and to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers.*

*I'm mindful that firms like Revolut have had warnings in place for some time. It, along with other firms, has developed those warnings to recognise both the importance of identifying the specific scam risk in a payment journey and of ensuring that consumers interact with the warning.*

*In light of the above, I think that by December 2023, when these payments took place, Revolut should have had systems in place to identify, as far as possible, the actual scam that might be taking place and to provide tailored, effective warnings relevant to that scam.*

*I accept that any such system relies on the accuracy of any information provided by the customer and cannot reasonably cover off every circumstance. But I consider that by December 2023, on identifying a heightened scam risk, a firm such as Revolut should have taken reasonable steps to attempt to identify the specific scam risk – for example by seeking further information about the nature of the payment to enable it to provide more tailored warnings.*

*As I've mentioned, Revolut did ask Miss S for the payment purpose, and asked her some questions around this payment purpose which led to it giving her a warning tailored to scams relating to goods and services. But I don't consider that the actions Revolut took to narrow down the type of scam risk associated with Payment 6 were proportionate to the risk presented by that payment, due to its size, the increasing value in the pattern of payments, and the conversation it had had with Miss S about Payment 5.*

*I don't think the payment purpose Miss S selected was inaccurate. I can understand why, in buying cryptocurrency, she would have thought paying for goods or services was an appropriate payment purpose to select. But this led to Miss S receiving a warning which wasn't specific to the scam she was experiencing and therefore didn't resonate with her.*

*I think if Revolut had asked Miss S specifically what she was buying, she would have been honest about buying cryptocurrency, as she had been for Payment 5. And in line with good industry practice and regulatory requirements (in particular the Consumer Duty), I am satisfied that it is fair and reasonable to conclude that Revolut should have attempted to narrow down the potential risk further – for example by asking a series of automated questions designed to narrow down the type of scam risk associated with the payment Miss S was making. And this would have allowed it to prove a warning which was tailored to the risk Miss S was experiencing a job scam.*

*I'd expect any such warning to have covered off key features of such a scam, such as making payments to gain employment, being paid for 'clicks', 'likes' or promoting products and having to pay increasingly large sums without being able to withdraw money.*

*In finding Revolut should have identified that Payment 6 presented a potential scam risk and that it ought to have taken steps to narrow down the nature of that risk, I do not suggest Revolut would, or should, have been able to identify every conceivable or possible type of scam that might impact its customers. I accept there may be scams which, due to their unusual nature, would not be easily identifiable through systems or processes designed to identify, as far as possible, the actual scam that might be taking place and then to provide tailored effective warnings relevant to that scam.*

*But I am not persuaded that 'job scams' would have been disproportionately difficult to identify through a series of automated questions or were not sufficiently prevalent at the time that it would be unreasonable for Revolut to have provided warnings about them.*

*If Revolut had provided a warning of the type described, would that have prevented the losses Miss S suffered from Payment 6?*

*I think that a warning of the type I've described would have identified that Miss S's circumstances matched an increasingly common type of scam.*

*I've read the instant message conversation between Miss S and the fraudsters. That conversation suggests that prior to Payment 6 she already had some concerns about the scheme – she asks the scammer if the scheme is "legit" and says she's paranoid.*

*I think this indicates that it wouldn't have taken much persuasion (that a warning could have provided) to convince her that she was falling victim to a scam prior to making that payment. Overall, I think that a warning provided by Revolut would have given the perspective Miss S needed - reinforcing her own concerns about the scheme - and she would more likely than not have concluded that the scheme was not genuine. In those circumstances I think, she's likely to have decided not to go ahead with Payment 6 had such a warning been given.*

*Should Miss S bear any responsibility for her losses?*

*In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.*

*Miss S was introduced to the scam via an unsolicited message on a messaging application. I think this ought to have put her on alert, because she'd not approached this particular company seeking employment and there was no way of verifying the person she was speaking to.*

*I do understand that there were some convincing aspects about this scam – there was a professional looking portal which would have given legitimacy to the employment proposal, and it appears she was able to make small withdrawal to her Revolut account at an early stage in the scam.*

*However, Miss S wasn't provided with any employment contract or terms, nor does it appear she carried out any independent research on the business she thought she was speaking with. The nature of the employment appears to have been to complete reviews for products Miss S hadn't bought or used, which I also think should have raised some concerns with her. I have also considered that Miss S did ask the scammer about whether the scheme was "legit" and indicated she had some concerns. But she appears to have taken the reassurances of the scammer at face value, rather than carrying out additional checks to satisfy herself that she was dealing with a legitimate company.*

*It's also important to note that the requests being made of Miss S depart significantly from the usual employee-employer relationship. Miss S was being asked to make payments to the business she was supposed to be working for, which a reasonable person would expect to be the reverse. I understand she was provided an explanation for why she'd need to make payments, but I don't find this to have been reasonable where she was continually being asked to make payments rather than being paid for work she'd already carried out.*

*Overall, I'm satisfied Miss S should share liability for her loss equally with Revolut.*

#### *Recovery of the funds*

*I've considered whether Revolut could have recovered Miss S's payments once the scam had been reported. But here the payments were made to buy cryptocurrency which Miss S received, before it was transferred to the scam. So, I don't think there was ever any reasonable prospect of recovering her money here.*

#### *Putting things right*

*I've concluded that Revolut should have done more to prevent Miss S making Payment 6 – but that she should share liability equally for her loss. So, to put things right, Revolut should refund 50% of Payment 6.*

*Miss S borrowed a small proportion of the funds she invested in the scam from a friend, prior to making Payment 6. But she's told us she repaid this to her friend shortly afterwards. I've taken this into account and in the overall circumstances, I think our usual approach of applying 8% simple interest per year to reflect Miss S being deprived of the use of the funds will result in a fair and reasonable outcome here.*

*My provisional decision is that I uphold Miss S's complaint, in part.*

*Revolut Ltd should put things right as follows:*

- *Refund 50% of Payment 6 (which I calculate to be £1,233.58); and*



- *Pay 8% simple interest per year on this amount (less any tax lawfully deductible) calculated from the date of Payment 6 to the date of settlement.*

### Responses to my provisional decision

I asked both parties to reply to my provisional decision by 25 April 2025.

Miss S replied to say she accepted my provisional decision.

Revolut replied to say it had received my provisional decision, and asked for an extension to respond until 1 May 2025 – which I granted. But it didn't reply by the extended deadline.

### **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.

Neither party added anything else following my provisional decision.

It follows that I see no reason to depart from it.

### **My final decision**

My final decision is that I uphold Miss S's complaint, in part.

Revolut Ltd should put things right as follows:

- Refund 50% of Payment 6 (which I calculate to be £1,233.58); and
- Pay 8% simple interest per year on this amount (less any tax lawfully deductible, calculated from the date of Payment 6 to the date of settlement.)

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 3 June 2025.

Helen Sutcliffe  
**Ombudsman**