DRN-5702993

The complaint

Mrs D is unhappy that Revolut Ltd has decided not to refund her after she was the victim of a scam.

What happened

Mrs D made 16 card payments to cryptocurrency providers totalling £12,057, from June 2023 through to August 2023. The payments ranged in value between £30 and £1,800. Mrs D thought she was making payments in relation to a job she'd been offered, carrying out reviews online and completing tasks. Mrs D realised she'd been scammed when she tried to withdraw her earnings and couldn't. She reported the scam to Revolut.

Revolut did not uphold Mrs D's complaint. Chargebacks were raised but these were unsuccessful. Revolut said it was satisfied Mrs D authorised the payments using the 3DS authentication system.

The account with Revolut was opened in March 2023. The account opening reason was given as a "kids account". Although this was not a child's account, and no further detail was provided by Mrs D for giving this as the account opening reason. The first and only payments on the account are those which Mrs D says relate to this scam.

In its business file, Revolut said:

- Despite raising chargebacks these were all unsuccessful.
- It said it did not have any transactional data on Mrs D's account to be able to compare this to the scam payments – i.e. the only payments on the account are the scam payments. So, it couldn't identify them as unusual or out of character and had no reasonable basis to believe Mrs D could be the victim of financial harm.
- Mrs D did not contact Revolut on its 'app chat' facility to report the scam payments. Revolut first became aware of the scam payments via Mrs D's professional representative.
- Mrs D did not carry out any due diligence into the company she was dealing with and Mrs D was grossly negligent.
- The payments were made to an account in Mrs D's own name, and are not classed as an APP scam payment in either DISP, the CRM code or the mandatory reimbursement rules.
- Revolut does not owe a duty to prevent fraud and scams, quoting the terms and conditions of its accounts, the PSRs and the FCAs Principles for Business, and case law in the form of Phillip v Barclays highlighting that if its customer authorises a payment it must promptly process that payment and no enquiries are needed where a valid instruction has been received.

The complaint was brought to our service by Mrs D's representatives.

One of our investigators said they were persuaded Revolut ought to have been concerned about the payments because the account had only just been opened and there were multiple payments going to a new beneficiary, in a short space of time. They said the transactions were not significantly out of character for normal account activity as they were generally of a low value. But a newly opened bank account that received high-value credits followed by multiple transferring of funds, is indicative of a fraud pattern. They also said the type of payments and what they were for, don't match the purpose given for opening the account – the account opening reason was given as a kids account. And the account balance was reduced to such a degree that Mrs D had to keep topping it up.

The investigator said that human intervention was required by Revolut in this instance. And if that had occurred, they were persuaded the scam would have been prevented as Mrs D would have likely revealed she was sending money to crypto as part of a job opportunity. They also said Mrs D should be bear some responsibility and so they recommended a 50% refund from the tenth payment onwards.

Mrs D and her representatives accepted the recommendation. Revolut did not. It said:

- Mrs D acted recklessly, and she therefore caused the loss.
- Other firms involved in the payment journey ought to be held liable as well as Revolut.
- The allocation of responsibility is at odds with the approach by the statutory regulator and the outcome is irrational.

These points didn't persuade the investigator to change their findings. They said no other complaints about other firms had been brought by Mrs D so the only complaint they could consider was with Revolut. Whilst they considered Mrs D should be held jointly liable for the loss this did not absolve Revolut of its liability in this claim.

As the complaint couldn't be resolved it's been passed to me.

I have included my provisional decision below

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 doing so, 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.

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 that Revolut should:

- *have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;*
- *have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;*

- *in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments);*
- *have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.*

Like the investigator, I'm satisfied that Revolut ought to have recognised that the cumulative payments, on 25 June 2023 that total £4,115 to a crypto currency provider, carried a heightened risk of financial harm from fraud. I say this because, by this time Mrs D had made four payments on that one day totalling a significant amount, whereas previous payments on the newly opened account had been low value. This combined value and the destination of cryptocurrency ought to have been considered a potential scam risk and Revolut ought to have taken action.

I can't see anything to suggest Mrs D was required to give a payment reason for any of the card payments made. Or if that prompted Revolut to provide any warnings. But even if Revolut ought to have asked questions or provide warnings, I don't think this would have prevented the scam. This is where my opinion differs from the investigators. I'll explain why.

At the time Mrs D made these payments, I think a proportionate response to that risk would've been for Revolut to provide Mrs D with a written warning, tailored to common cryptocurrency investment scams. These were the common scams associated with payments to cryptocurrency merchants at this time. But, had it done so, I'm not persuaded that would have prevented Mrs D's losses. I'll explain why. Mrs D was falling victim to a job scam, not an investment scam. So while the content of the warning would've related to common scams at the time, it wasn't relevant to her. The warning therefore wouldn't have deterred her from going ahead. But I consider this was what was proportionate to the risk at the time.

Whilst Mrs D's representatives may believe Revolut should've had a job scam specific warning by June 2023. It wasn't required to ask questions of Mrs D, so it was expected to display a warning based on the payment information it held and the most common scams associated with this. While job scams were increasing in prevalence, cryptocurrency investment scams were more prevalent and a warning attempting covering both situations was unlikely to be effective to either scam. So, I'm satisfied a crypto investment scam warning would have been the proportionate response to the payments Mrs D was making and I'm satisfied this wouldn't have prevented her losses in this instance.

As well as the transactions themselves, I've considered anything else Revolut did or ought to have known about Mrs D's account, when deciding what proportionate action ought to have looked like. And although Mrs D declared the account purpose as "kids account" this was not a child's account. It's not clear what her intentions were or why she gave this reason. And although the payments were at odds with this account opening reason, I don't think the payments themselves, alongside this information represented a significantly higher risk that Revolut ought to have done more than provide the online warning as I've already set out above.

And importantly based on the risk profile, presented by the payments Mrs D was making; individually low value, to new payees spread across a period of time, I'm not persuaded that Revolut needed to do more than provide an online written warning.

So, in summary I'm satisfied that an appropriate intervention would've been to show a scam warning to Mrs D. But that this wouldn't have unravelled the scam for the reasons I've given above. And I don't consider there was any reason for Revolut to do more than this.

So, I'm not currently minded uphold this complaint.

Revolut didn't respond. Mrs D's professional representative (I'll now refer to as C) responded to say it didn't accept my provisional findings. In summary C said:

1. The expectation on Revolut, to provide a specific tailored warning, but not ask questions of Mrs D, at the time she made the payments, is unfair and unreasonable. It said this type of warning is too specific to prevent foreseeable harm without the expectation that the bank puts questions to their customer.
2. C believes, given all the crypto scams, Revolut ought to have warned Mrs D about any type of opportunity which asked her to move crypto on from her wallet. It goes on to say job and investment scams follow the same pattern. They move money from the bank to the exchange, and then from the clients wallet on to the scammers control. C says if Revolut had provided a warning with this information, the scam would have been prevented.
3. And there is no evidence that if Mrs D had seen a crypto investment warning, that she wouldn't have seen a common theme within the scam and her losses wouldn't have been prevented.
4. The purpose of "kids account" is at odds with it being used to purchase cryptocurrency. This presented a clear risk that ought to have prompted human intervention. Revolut has a regulatory duty to ensure accounts are being used as expected and it has failed to do that here.
5. At the time of the payments, the particular crypto platform Mrs D used, had been heavily restricted by the FCA.

C asked that I reconsider the complaint in light of these submissions

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 have considered C's responses, and whilst it has made some considered arguments, they do not persuade me to reach a different conclusion. I'll explain why and address each point in the same order as set out above.

1. Revolut is required to respond proportionately to the APP scam risk it's presented with. Whilst C doesn't agree with my findings, I'm satisfied a written tailored warning was proportionate in the circumstances and I haven't been persuaded that it needed to do more than this. There wasn't a requirement to ask questions as part of a dynamic warning intervention here either – this came into effect after the introduction of the FCA's Consumer duty – which was after the date of the payment that I'm satisfied ought to have triggered. The scam payments Mrs D made after this date, are spread out, so I don't think there was any additional trigger point after the payment I have identified that warranted further intervention from Revolut.
2. C believes Revolut ought to have provided some very specific wording, around moving funds on from a crypto wallet once the crypto was purchased, for all types of payments made to crypto currency providers. C says if it had provided this warning, the scam would have been revealed. However, a crypto investment warning can't be expected to cover all types of scams that might occur. That would be too wide and varied, and the warning would lose its impact. Whilst I accept C believes it has identified cross-over or similar elements of both a crypto and job scam, which if covered in a warning, would have been effective in preventing Mrs D's losses I don't think it would be proportionate to say that Revolut should have included this specific

wording in its warning. As I say, at the point Mrs D made these payments, based on what Revolut would have known at the time, it was only reasonably required to provide warnings relating to crypto investment scams, and these were wide and varied at the time.

3. If Revolut had provided its crypto investment warning, this would've included highlighting the risk of high returns, social media promotion, remote access, researching the crypto exchange and not feeling rushed. When asked, Mrs D didn't think the job opportunity was too good to be true, she says she was contacted about the job after the recruiter had seen her CV, she says she carried out research of the company she was dealing with, and I don't think there's evidence to say she would have felt rushed, given she was making these payments from June to August. So, I'm not persuaded that this warning, if it had been shown would have had any impact on Mrs D's decision making here.
4. C argues that the purpose of the account given by Mrs D at the time of opening it as "kids account" is at odds with what the account was then used for. And it argues therefore that this ought to be considered as a scam risk. In my provisional decision I explained that Mrs D didn't provide an explanation for giving this account reason and in its response, I can see that C hasn't taken this opportunity to clarify this point either. Whilst I agree that this is at odds with how the account was then used, even if Revolut had contacted Mrs D to ask about the account purpose and its actual use I'm not persuaded this would have exposed the scam or prevented Mrs D's losses. Without an explanation from Mrs D, about why she chose this account reason, I'm not persuaded that Revolut checking this information with her, would have had a material impact. I'm also not persuaded that it ought to have resulted in Revolut going on to ask questions about the payments she was making (because I've already concluded on what proportionate response was required here). So I don't think it would have resulted in Mrs D revealing what she was doing, or the scam being exposed.
5. C says the crypto exchange Mrs D paid was heavily restricted by the FCA**.** But in June 2021, the FCA provided an update which said it imposed requirements on the firm, and the firm complied with all aspects of this. It wasn't until June 2023 that that the firms' permissions were cancelled – which the firms itself submitted. And although some firms have decided to block some crypto firms, that hadn't been established as routine or a requirement by the industry. Revolut had not blocked payments to this crypto provider, and it wasn't required to. Other banks have cited their reasons for the blocks due to crypto investments being high risk and speculative, not because of scam risks. So, I don't agree that Mrs D's relatively low value payments to this crypto currency exchange, did not, in and of themselves, represent a high value scam risk.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 2 September 2025.

Sophia Smith
Ombudsman