

The complaint

Mr C complains that Revolut Ltd won't refund the money he lost when he fell victim to a scam.

What happened

- In early 2022, Mr C was searching for job opportunities online. He received a response from someone claiming to be from a well-known company, M, offering a job relating to e-commerce promotion.
- Mr C was told he had to complete a number of orders on M's platform. And that he had to convert funds to cryptocurrency, which he did using a company I'll refer to as S, to load funds to M's platform to "recharge" – as needed to complete further tasks and earn more commission. But when he kept being asked to recharge in order to withdraw from the platform, he realised it was a scam.
- Mr C sent the funds, via S, from his Revolut account. So he informed it of the scam. It looked into raising chargeback claims for the card payments he reported, but didn't think they would succeed.
- Via a professional representative, Mr C complained to Revolut. He said it should refund him in line with the Contingent Reimbursement Model (CRM) code. And it had failed to identify the payments were out of character. Revolut didn't agree to refund him. So he referred the complaint to our service.
- Our investigator didn't uphold the complaint. They didn't think the payments reported appeared out of character. Nor did they think there were grounds for successful chargeback claims. They also explained the CRM code wasn't relevant to the complaint.
- In response, Mr C said the payments were unusual. Whereas the investigator had pointed out there were prior, undisputed payments to S, he said those were also part of the scam.
- The investigator looked into the additional payments. He found the first one had initially been declined. But Revolut had processed it after Mr C had confirmed he requested the payment. They considered that reasonable.
- They found a further payment was blocked as the merchant wasn't supported by Revolut's systems. And another was blocked due to there being insufficient funds in Mr C's account. This didn't change their outcome.

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 agree with the conclusions reached by the investigator for these reasons:

- Mr C fell victim to an authorised scam. In line with the Payment Services Regulations 2017, account providers are expected to execute authorised payment instructions without undue delay. So the starting position is that Mr C is liable for these payments.
- As the investigator explained, the CRM code – under which victims of authorised *push* payment scams can sometimes seek redress – doesn't apply here. That's because Revolut isn't a signatory of the voluntary code. Also, the disputed payments were made by card. As that's a form of *pull* payment, it's not covered by the code.
- There are still situations where I would expect Revolut—taking into account relevant rules, codes and best practice—to have identified a fraud risk, and to have performed further checks before processing a payment.
- Revolut did put a block on what we have now been told was the first payment to the scam. But it has explained it didn't identify any concerns about the payment being part of an *authorised* scam. It just wanted to confirm it was Mr C requesting the payment.
- Given the level of the payment, at £115, I consider that a reasonable and proportionate response to the risk identified. The merchant being paid directly was legitimate. And the payment size was broadly in line with Mr C's usual spending. So, once it had checked Mr C had authorised the request, I consider it reasonable that Revolut followed his instructions without completing further checks.
- Revolut didn't identify further fraud concerns. I don't consider that a failing on its part. The payments didn't look so unusual, within Mr C's account activity, to have prompted concern. Having checked Mr C was making the first payment, the following payments to that merchant wouldn't have seemed so unexpected. And the size of most of the payments was well within his usual spending.
- While the final two payments were the highest, at over £1,000, Mr C had made a payment for a similar amount in the months leading up to the scam. In that context, given the recipient – and thinking about what level of intervention it is proportionate to expect from payment institutions – I consider it reasonable that Revolut followed Mr C's instructions without looking into the circumstances of the payments further. I therefore don't think it is at fault for failing to uncover the scam at the time.
- I note that, in Mr C's original complaint letter from his professional representative, it said he suffered from financial difficulties – and Revolut should have known about this vulnerability as he was a long-standing customer. This is something I have seen the representative say in other cases, without providing further details about the alleged vulnerability. Nor has it been raised further following the view, so it's unclear if it is still alleged Revolut made a failing in this respect.
- For completeness, I can't see Revolut ought to have known anything about Mr C's circumstances which made its actions – in processing his authorised payment instructions – unfair, in line with the points I've considered above. He opened the account only a few months before the scam. So I question the accuracy, and relevance, of this statement about him being a long standing-customer.

- Mr C used a legitimate cryptocurrency exchange platform, S, to purchase funds to load to the job platform. While Revolut considered whether he could recoup any funds through the chargeback scheme – which looks to settle payment disputes, subject to rules set by the card-scheme provider – I’m persuaded claims under this scheme wouldn’t have succeeded. That’s because the scheme could only consider a dispute about the merchant paid direct. And here, Mr C’s dispute isn’t about S; it’s about the recipient who he sent the funds on to from there.

I appreciate this will be disappointing for Mr C, who has lost out to a cruel scam. But having carefully considered all the circumstances, I’m not persuaded it is fair to hold Revolut liable for his loss, or otherwise compensate him in relation to this complaint. That’s because I’m not persuaded Revolut made errors which caused, or contributed to, his loss.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr C to accept or reject my decision before 11 October 2023.

Rachel Loughlin
Ombudsman