

Complaint

Mr A is unhappy that Revolut Ltd didn't reimburse him after he fell victim to a scam.

Background

In 2022, Mr A was approached on a social media platform and offered a chance to earn a supplementary income. His employer would be an e-commerce platform and his role would be to carry out discrete tasks designed to boost product reviews and ratings.

He was told this was a home-based role and the hours were flexible. Mr A found the opportunity to be an attractive one. Unfortunately, this transpired to not be a genuine employment opportunity but a scam. He was sent a link to the platform. It was named to imitate a genuine business which helped to convince Mr A that the opportunity was legitimate.

He completed multiple "missions" via the app and earned a commission payment of £170. The scammers told Mr A that, if he wanted to continue and to earn more valuable returns, he would need to make payments via a cryptocurrency platform. He was initially assured that these funds would be returned to him. He agreed to do so. In total, he transferred a little over £49,000 to the fraudsters.

He realised it was a scam when he was told that he couldn't receive any of his commission without paying a further £44,000. He called the legitimate business whose name the scammer had been imitating and one of its employees confirmed he'd fallen victim to a scam. He notified Revolut straight away. Revolut didn't agree to refund him. It said that Mr A should've taken more care before transferring his funds and that Revolut had displayed a warning on several of the payments he made in connection with the scam.

Mr A was unhappy with that and so he referred his complaint to this service. It was looked at by an Investigator who upheld it in part. The Investigator thought that, by the time Mr A asked it to make the fifth payment of £2,500, Revolut ought to have recognised that it carried a significant fraud risk and intervened to ensure Mr A wasn't at risk of financial harm.

If it had done so, she was persuaded that the scam would've been uncovered and Mr A's losses prevented. However, she also thought that Mr A ought to be considered partially responsible for his losses and it was therefore fair and reasonable for Revolut to deduct 50% from any redress payable.

Revolut agreed to settle the complaint in line with the Investigator's recommendation.

Mr A, however, didn't accept the Investigator's view. He didn't think it was fair for a deduction to be made. Because no agreement could be reached, the case was passed to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and

reasonable in the circumstances of this complaint.

The starting point under the relevant regulations is that Mr A is liable for any payment that he's authorised. He did authorise these payments, albeit only because he was deceived by the scammers into thinking it was in connection with a genuine employment opportunity. But since he authorised them, he's considered liable at first instance.

However, that isn't the end of the story. Good industry practice required that Revolut be on the lookout for transactions that were unusual or out of character such that they might have indicated that their customer was at risk of financial harm due to fraud. On identifying such activity, I'd expect it to intervene in a manner proportionate to the risk – for example, by temporarily pausing a payment and speaking to its customer before allowing it to be processed.

I agree with the Investigator's conclusion that Revolut ought to have intervened when Mr A made the fifth payment in connection with this scam. It was significantly larger than previous payments made from his account and he'd set up five new payees in quick succession to make payments of escalating value. Revolut did display a general warning on that payment informing Mr A that it considered there to be a fraud risk. But its system allowed him to simply make the payment a second time and it was processed successfully. In the circumstances of this case, I think it ought to have made direct contact with him to find out what the purpose of the payments was. If it had done so, I think it would've promptly uncovered that Mr A had fallen victim to an increasingly frequent scam and it could've told him to not make any further payments.

I've also considered whether Mr A can be considered partially responsible for his own losses here. In doing so, I've taken into account what the law says about contributory negligence but kept in mind that I must decide this case based on what I consider to be fair and reasonable in all the circumstances. Having done so, I do think he should've acted more cautiously here and it's fair and reasonable for that to be reflected in the redress Revolut pays.

The arrangement he was entering into didn't make a great deal of sense – Mr A was having to transfer large sums of money to his employer, rather than being paid for the work he was doing. Revolut did warn him about the fraud risk in connection with several of the payments he made and I think this ought to have prompted him to carry out more research on whether this opportunity was a legitimate one.

Mr A had also been told by the scammers that his funds would be returned to him promptly along with his commission payments. This didn't happen, but he continued to comply with requests for payments from the scammers. In summary, I think there were enough indications here that this opportunity might not be a genuine one and Mr A should've proceeded more cautiously than he did.

I don't say any of this to downplay or diminish what Mr A has been through. He was targeted by a cynical and manipulative fraudster and has lost a large sum of money. However, my role is limited to looking at the actions and inactions of Revolut. Overall, I'm satisfied that Revolut settling this complaint on a shared liability basis is the fair and reasonable outcome.

Other issues

I've also considered whether Revolut should make an additional payment to Mr A to reflect any distress and/or inconvenience he's suffered. However, while falling victim to a scam must have been a source of incredible stress for Mr A, I have to bear in mind that the primary cause of that stress was the scammer, not Revolut. I'm afraid I'm not persuaded that

Revolut needs to pay him anything more to reflect that.

I'm also not going to ask Revolut to reimburse his legal costs. This service can make an award for legal costs in certain cases, but it's not common that we do so. That's to reflect the fact that bringing a case to this service is free of charge and shouldn't generally require expert help to do so. Mr A chose to bring the complaint with the help of a professional representative and I don't think it would be fair and reasonable to direct Revolut to refund those costs.

Final decision

For the reasons I've explained, I uphold this complaint in part.

If Mr A accepts my decision, Revolut Ltd should refund him 50% of the value of each transaction he made to the scammer from and including the 5th payment. It should also add interest at the rate applicable to the account Mr A made these payments from.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 13 October 2023.

James Kimmitt
Ombudsman