

The complaint

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

What happened

In March 2023, Mr S was contacted by an individual via an instant messaging service platform and was offered a job opportunity. He would review products like hotels on a website and make a commission upon completion of certain number of 'tasks'. Mr S was told he needed to make a deposit to access each task, and that it would generate commission upon completion. After completing a certain number of tasks, Mr S could withdraw his commission.

Mr S says he researched the company in question and found that it advertised hotels and flights at competitive rates. He was advised to set up an account with Revolut as well as a cryptocurrency exchange, as the deposits were required to be made in cryptocurrency. He was also told that his commission would be paid in cryptocurrency. Mr S says he questioned this and was told that the company was an international company, and it was easier to pay in cryptocurrency rather than exchange funds in different currencies.

Between 31 March and 3 April, Mr S sent over £12,000 in nine transactions from his Revolut account to the cryptocurrency exchange for onward deposit to access the tasks. A list of these transactions has been previously set out by the investigator. Mr S subsequently realised he'd been scammed and reported the matter to Revolut. It refused to refund his losses and he contacted our service after he was unhappy with the outcome of his complaint.

Our investigator thought that Mr S had likely been dealing with a clone of a legitimate company which offered price comparison services. They didn't think the first seven transactions were that unusual such that Revolut ought to have been concerned. But they concluded that it ought to have provided a tailored scam warning at the time of the eighth transaction. Had it done so, the investigator was satisfied that Mr S would not have gone ahead with that payment and the subsequent payment. The investigator recommended Revolut to refund 50% of the last two payments, as they made a deduction for contributory negligence on Mr S's part.

Revolut accepted the investigator's findings, but Mr S didn't, and he asked for an ombudsman's decision.

I issued my provisional decision in November 2023. I said that I intended not upholding this complaint, and set out the following reasoning:

The starting position is that liability for an authorised payment rests with the payer, even when they are duped into making that payment. There's no dispute that Mr S made the disputed payments using his security credentials, and so they are authorised. But in accordance with the law, regulations and good industry practice, a payment service provider, including an electronic money institution like Revolut,

should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it might be fair and reasonable to hold it liable for losses incurred by its customer as a result.

This was a newly opened account with an electronic money institution, which operate differently in a different regulatory framework and have different FCA permissions to those of a bank or a building society. Given the transaction amounts in question, like the investigator, I don't find that the first seven transactions were that remarkable such that I think Revolut ought to have intervened. In my view, the eighth transaction – for £5,000 – ought to have flagged as unusual. Apart from the amount involved, the transaction was identifiably related to cryptocurrency. By April 2023, there had been widespread coverage in the media about increased losses to cryptocurrency scams. So, I would have expected Revolut to have provided Mr S with a written warning about cryptocurrency investment scams, tackling some of the typical features.

The investigator's view was that such a warning would have led Mr S to stop in his tracks and he wouldn't have gone ahead with that payment and the one after that. But this is where my findings differ to the investigator's. Mr S wasn't sending payments in connection with an investment opportunity, which is what I would have expected the written warning to have covered when setting out the typical hallmarks of cryptocurrency investment scams.

What that means is that even though Revolut missed an opportunity here, I'm not convinced that it would have led to a different outcome given that the warning I would have expected Revolut to have provided wasn't relevant to Mr S's circumstances. So, I'm not persuaded that he wouldn't have gone ahead like the investigator has suggested. Instead, I think it's more likely than not that Mr S would have seen a warning about investment scams involving cryptocurrency and disregarded it as he wasn't making an investment.

This means that I don't think Revolut could have prevented Mr S's losses. I've also thought about Revolut's actions in relation to the recovery of payments after it became aware of the situation. As these were debit card transactions, the only avenue here would have been a chargeback. Revolut could have only raised a chargeback against the merchant Mr S paid, i.e., the cryptocurrency exchange, not another firm i.e., the third party. Given the merchant he paid had provided the service (conversion of money into cryptocurrency), it's unlikely that a chargeback would have been successful.

I can see that in his most recent correspondence, Mr S has said that most banks have signed up to voluntary agreements where they have to refund the money. I think he's referring to the Contingency Reimbursement Model (CRM) code. Revolut isn't signed up to the code which, as Mr S has acknowledged, is voluntary as it stands. As such, the code doesn't apply to this complaint.

Mr S has said that this service has upheld a complaint he's brought against a different business. That may be the case, but this service considers each complaint on its merits and my role is to consider the complaint before me. For the reasons I've given above, I don't intend making an award against Revolut in relation to this complaint.

I note that Revolut agreed with the investigator's recommendation to refund 50% of the last two transactions along with 8% simple interest. As I've set out above, I don't intend making an award against Revolut. Should Mr S decide that he now wants to

accept the recommendation put forward by the investigator which Revolut accepted at the time, he'll need to contact Revolut directly and check if it is still willing to honour it.

I invited further comments from both parties.

Revolut said it agrees with my provisional decision and has nothing further to add.

Mr S submitted further comments for my consideration. In summary, he's said that it is evident he was scammed and has suffered a loss. He says my findings in my provisional decision mean I also agree that he was scammed and that Revolut should have intervened. Mr S questions why then there's no remedy for him when a crime has occurred. He believes that I've missed important facts and haven't taken the law into consideration.

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'd like to start by thanking both parties for their response to my provisional decision. I'm sorry to hear about the recent events surrounding Mr S's health and I hope things are improving.

I've carefully considered the points Mr S has made in his appeal. Having done so, my outcome remains unchanged. I know that he'll be extremely disappointed to hear this, especially when he's provided further updates about the overall impact this matter is having on him. I don't intend to respond to each point he's made, but I will address those that I consider to be the crux of his appeal.

I don't doubt that Mr S was scammed. But it's important to note that the scam was perpetrated by a third party. The complaint before me is about Revolut, not the party that scammed Mr S. This service wouldn't be able to consider a complaint about the concerned third party in any event. I recognise the strength of his feelings about there being no remedy even though a crime has been committed. But I can only consider the acts or omissions of Revolut in this matter, not the scammer.

Mr S has correctly pointed out that I did make the finding that Revolut missed an opportunity to intervene at one stage. But that's not the end of the matter. Causation is a critical determinative factor in every scam case. It isn't enough that a payment service provider like Revolut failed to act fairly or reasonably; its acts or omissions must be the immediate and effective cause of losses that were reasonably foreseeable at the time of the breach. Where that isn't the case, the payment service provider might not be liable.

I explained in my provisional decision that I'm not convinced a written warning about cryptocurrency investment scams – which is all I would have expected Revolut to have provided in the circumstances of this specific case – would have made a difference to Mr S's decision-making. As previously mentioned, I think it's more likely than not that Mr S would have seen a warning about investment scams involving cryptocurrency and disregarded it as not being relevant to his situation since he wasn't making an investment. I note that Mr S hasn't disagreed with what I've said on that point in his appeal.

I can see that Mr S has said I haven't considered all the facts in this case. I recognise that he wasn't expecting the outcome I've reached. But I'm satisfied that I've taken all the facts, evidence, and arguments before me into consideration in reaching the outcome that I have.

In summary, I'm not persuaded that any failure on Revolut's part – in this case, the lack of a tailored warning – is the proximate cause for Mr S's loss. I fully acknowledge that he's lost a lot of money. But having re-considered the matter very carefully, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

My final decision

For the reasons given above, and in my provisional decision, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 2 February 2024.

Gagandeep Singh
Ombudsman