

The complaint

Miss T complains that Revolut Ltd won't refund money she lost when she fell victim to an employment scam.

Miss T is being represented by solicitors in her complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns nine transactions totalling approximately £4,800 which Miss T made in July 2023 in connection with a job opportunity – completing tasks to increase product sales and positive reviews for online shopping platforms – with a company "S" who reached out to her on an instant messaging service. Miss T subsequently discovered that she'd fallen victim to a scam.

Miss T's Revolut account was opened as part of the scam. It was explained to her that she also needed to create an account with a cryptocurrency exchange as wages and commission would be paid in cryptocurrency. The cryptocurrency account also needed to be topped up with a minimum amount required to complete some of the tasks. To make that deposit, Miss T transferred money from her account with another business to Revolut, before sending it on to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent to cryptocurrency wallets in control of S.

Except for the first transaction, all transactions were made using Miss T's debit card and went to a cryptocurrency exchange. The first transaction – £20 – was a transfer to another individual's account. When she was unable to make withdrawals and instructed to top up her account with more money, Miss T realised she'd fallen victim to a scam.

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.

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 be good industry practice at the time, I consider it fair and reasonable in July 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,
- 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.

Where there's no previous account history, as was the case here, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved. I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have taken additional steps when Miss T authorised the first disputed transaction of £20 on 22 July. Or for that matter, the next seven transactions – ranging between £29.90 and £360 – which Miss T made between 22 and 25 July.

That said, I'm satisfied that Revolut ought to have recognised that the last card transaction – £4,000 on 25 July – carried a heightened risk of financial harm from fraud. I say this because by that then a pattern of increased cryptocurrency related spending had begun to emerge. And the transaction amount had jumped significantly. By July 2023, there had been widespread coverage in the media about increased losses to cryptocurrency investment scams.

In the circumstances, and at that time, I consider that a proportionate response to that risk would have been for Revolut to have provided Miss T with a written warning about cryptocurrency investment scams tackling some of the typical features.

But, had it done so, I'm not persuaded that it would have prevented Miss T's loss. This is because she wasn't sending payments in connection with an investment. She understood she was using the cryptocurrency platform to deposit funds into her account to spend with her 'employer'. So, I'm not satisfied that the kind of warning I would have expected at that time – setting out the typical hallmarks of cryptocurrency investment scams – would have resonated with Miss T.

Miss T's representatives have said that Revolut ought to have implemented appropriate warnings to combat the type of scam Miss T had fallen victim to. They submit that the FCA's Consumer Duty standards apply to EMIs, and it isn't unreasonable to expect Revolut to have appropriate measures in place to spot these scams.

I understand the point Miss T's representatives are making. New legislation came into force later in July 2023 and it put an obligation on firms to avoid foreseeable harm to customers. But as it wasn't in place at the time Miss T made these payments, I wouldn't have expected Revolut to have narrowed down the risk further before providing a written warning about cryptocurrency scams.

In conclusion, I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Miss T finds herself due to the

scammer's actions, for the reasons given it wouldn't be fair of me to hold Revolut responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss T to accept or reject my decision before 26 July 2024.

Gagandeep Singh
Ombudsman