

The complaint

Mr A is complaining that Revolut Ltd won't refund payments he made when he fell victim to a scam.

The complaint has been brought on Mr A's behalf by a professional representative.

What happened

The circumstances of the scam are well known to both parties so I won't set them out in detail here. Instead, I'll summarise the key points.

Mr A responded to a job advert he saw on social media. He was told the job was to perform a series of tasks to earn commission, and he needed to send some money through cryptocurrency to begin. He opened an account with Revolut, which he used to purchase cryptocurrency from various cryptocurrency exchanges with his debit card – which he then transferred to the scam.

Mr A made eight payments to the scam over a 12-day period, as follows:

Date	Amount	Payee
14/08/2023	£85	Cryptoexchange 1
22/08/2023	£85.50	Cryptoexchange 1
22/08/2023	£19	Cryptoexchange 2
24/08/2023	£103.44	Cryptoexchange 1
24/08/2023	£299.35	Cryptoexchange 1
24/08/2023	£633.13	Cryptoexchange 3
26/08/2023	£623.11	Cryptoexchange 3
26/08/2023	£600	Cryptoexchange 3

Mr A says he realised something had gone wrong when he completed the final task, but was asked for more money before he could make a withdrawal. On 1 September 2023 he contacted Revolut to report the scam.

On 21 September 2023 Revolut sent their final response letter. They didn't offer a refund of the scam payments, but they said they'd raised chargeback claims for the payments he'd made. One of the chargeback claims – for £19 – was successful.

Mr A's representative brought the complaint to us. Our investigator didn't uphold Mr A's complaint. He said, in summary, that he didn't think the payments looked suspicious enough to warrant any intervention by Revolut.

Mr A's representative didn't agree. They replied to say Mr A's account activity was unusual relative to normal use, and the large credits followed by large debits should have caused Revolut concern. They said that Revolut didn't give Mr A any warnings when he made the

payments, or attempt to intervene – and if Revolut had warned Mr A about the scam, it would have prevented him from making further payments.

Mr A's complaint has now been passed to me for review and a decision.

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'm sorry to learn about what happened to Mr A. It appears he's been the victim of a cruel scam, and I can understand why he would think his money should be refunded. But I don't think that I can fairly say that Revolut should refund the money he lost. I'll explain why.

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 them 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 in August 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 their 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;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled them to do so;
- 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 do, 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.

This was a newly opened account, so Revolut had no transaction history to compare these payments to in order to establish if they were out of character or unusual. And although I appreciate that the payments may have represented a lot of money to Mr A, they were not of a value where I'd usually expect Revolut to be concerned that Mr A was at a heightened risk of financial harm.

I would expect Revolut to be aware that scams involving cryptocurrency are increasingly prevalent, and I've taken this into account in deciding whether Revolut ought to have intervened. As Mr A's representative has pointed out, he transferred funds into the account and then made a number of payments to different cryptocurrency exchanges over the 12-day period. But people can, and do, invest in cryptocurrency legitimately. And although some of the payments were made on the same day, they didn't escalate rapidly in value or frequency in a way that could typically indicate a scam was taking place.

It was reasonable for Revolut to consider a range of factors when deciding whether to make further enquiries of Mr A about the payments. And taking all the circumstances into account here, I don't think it was unreasonable for Revolut not to view the payments as suspicious. So, I've not found that Revolut ought to have done any more to prevent the scam payments Mr A made.

There are industry standards around attempting recovery of funds where a scam is reported. But the payments here were made with Mr A's debit card, and so couldn't be recalled or stopped.

It's possible to dispute a debit card payment through a process called chargeback, which can sometimes be attempted if something has gone wrong with a debit card purchase, subject to the relevant card scheme's rules. And it looks like Revolut did raise chargeback disputes on these payments when Mr A contacted them to report the scam – and one payment for £19 was refunded to him. I don't think Revolut could have done any more to recover the payments.

I know this outcome will be disappointing for Mr A and I'm sorry for that. But for the reasons I've explained, I don't think Revolut should have done more to prevent his loss. So, it wouldn't be reasonable for me to ask them to refund the payments Mr A made.

My final decision

My final decision is that I'm not upholding Mr A's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 October 2024.

Helen Sutcliffe
Ombudsman