

## The complaint

Mr D complains that Revolut Ltd has not refunded a series of payments he lost to a scam.

## What happened

Mr D fell victim to a task-based job scam, after he was contacted via a messaging platform about a remote job opportunity. He was told he had to complete a certain number of tasks before he could withdraw his commission. Certain combination tasks cost money to complete but earned more commission. To fund these, Mr D opened an account with Revolut and with a cryptocurrency wallet. He made the following card payments to cryptocurrency exchanges before forwarding the cryptocurrency onto the scammer:

Payment #	Date	Amount (£)
1	29/06/2023	50
2	01/07/2023	40
3	01/07/2023	80
4	01/07/2023	20
5	01/07/2023	70
6	02/07/2023	170
7	02/07/2023	50
8	02/07/2023	129
9	02/07/2023	360
10	02/07/2023	50
11	02/07/2023	500
12	02/07/2023	1,300
13	04/07/2023	420
14	08/07/2023	399.03
15	11/07/2023	757.12
16	26/07/2023	1,467.24
17	26/07/2023	417.31
18	25/08/2023	2,443.24
19	29/08/2023	2,898.16
20	29/08/2023	1,545.14
21	28/10/2023	3,780

When Mr D was asked to pay more and more money and still had not been able to withdraw his commission, he realised he had been the victim of a scam. He raised a scam claim with Revolut who explained they had no grounds to raise a chargeback claim to try and recover his funds. And they felt they had acted fairly when they processed the payments.

Mr D referred his complaint to our service and our Investigator looked into it. They felt that Revolut should have intervened on the 12<sup>th</sup> payment, as it was the seventh payment in the same day to cryptocurrency, so felt a warning was needed. But they didn't think an intervention would have revealed the scam to Mr D, as he was being heavily guided by the scammer when making the payments and appeared to have formed a relationship with them.

Mr D's representative disagreed with the outcome. In summary, they felt the pattern of fraud had emerged on 2 July, before the relationship became romantic. As there were hallmarks of a scam, they felt an intervention would have revealed it.

As an informal agreement could not be reached, the complaint has been passed to me for a final 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 satisfied Mr D has been the victim of a job scam and I'm sorry he's had to go through this experience. As this complaint is against Revolut and not the scammer, I can only consider their actions in this decision.

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 have been good industry practice at the time, I consider it fair and reasonable in June 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.

I'm satisfied that Revolut ought to have recognised that the 12<sup>th</sup> card payment carried a heightened risk of financial harm from fraud. As has been highlighted, this was the 7<sup>th</sup> payment that had been made in the same day, I agree that a pattern of fraud was beginning to emerge by the payment of £1,300. I've also considered that the value of the payments made up to that point were relatively low, and the 12<sup>th</sup> payment was also not of a particularly high value. I therefore think a reasonable intervention would have been for Revolut to provide a tailored warning in the circumstances.

In early July 2023, I think it would have been reasonable for Revolut to have recognised the payments were going towards cryptocurrency, so I think they should have provided a tailored cryptocurrency warning at that time. However, I note that Mr D was specifically the victim of

a job scam, and not a cryptocurrency investment scam. So, I think it is unlikely the type of warning I think Revolut should have provided would have been effective in the circumstances. And I would not have expected Revolut to be able to provide a specific job-scram warning at the time of the payment.

I think it could be argued that a further warning was an appropriate intervention in late August 2023, when Mr D made two payments to a cryptocurrency wallet on the same day, totalling £4,443.30. By this point, job scams were a known scam type and I think Revolut should have had the procedures in place to provide a tailored job scam warning if they felt it was likely a consumer could be the victim of one. This would have required Mr D to be clear and honest about the purpose of the payment so Revolut could provide a tailored job scam warning. And on balance, I think it's more likely Mr D would have misled Revolut on the guidance of the scammer, so I don't think a warning would have been effective at the time.

I say this because Mr D was being heavily coached by the scammer, and at a later point in the payments journey he misled his third-party bank when attempting to make a payment related to the scam. By the payments in August, one of Mr D's crypto wallet accounts had been blocked but this did not seem to worry Mr D, and instead the scammer guided him on how to open a new one. Mr D had said his third-party bank had been restricted and his bank had been messaging him, but he still trusted the scammer to help him ensure the payments went through. Also, by that time, Mr D's relationship with the scammer had become romantic and he was deep under their spell.

With all of this in mind, I think it is unlikely that Mr D would have been open and honest about the true purpose of the payments had Revolut questioned him about them. And I don't think Revolut would have been able to provide a tailored job scam warning in the circumstances, so I don't think they have missed an opportunity to meaningfully reveal the scam.

Revolut have said they didn't have any grounds to raise a chargeback claim, as Mr D had paid for a legitimate service from merchants, in the form of cryptocurrency. A chargeback is a voluntary scheme run by card issuers intended to resolve disputes between consumers and merchants. I agree that Revolut did not have grounds to raise a chargeback claim in this case, as the merchants had provided the service Mr D paid for, purchasing cryptocurrency.

### **My final decision**

I do not uphold Mr D's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 25 October 2024.

Rebecca Norris

**Ombudsman**