

The complaint

Mr B complains that Revolut Ltd won't refund the money he lost when he was the victim of a scam.

What happened

In June 2023, Mr B received a text message from someone who said they worked for a recruitment agency and asked if they could pass him on to a representative from the hiring company. Mr B agreed and was then contacted by someone who said they worked for a data company. He was told the job involved optimising data for game developers, and that he would be paid a salary plus commission for each set of tasks he completed.

Mr B was given log-in details to access the data company's platform, where he could see the tasks he could complete and the commission he had earned. And he was shown how to buy cryptocurrency, which he would use to pay for the tasks he was to complete. He was also later told that certain tasks paid more commission, but were more expensive to pay for, and that he had to pay a number of taxes and fees before he could withdraw the money he had made.

So Mr B made a number of payments from his Revolut account to purchase cryptocurrency, which he then sent on to wallet details he was given for the data company to pay for these tasks, fees and taxes. I've set out the payments Mr B made from his Revolut account below:

Date	Amount
10 August 2023	£4,030
13 August 2023	£5,354
19 August 2023	£4,646
21 August 2023	£2,024
3 September 2023	£2,000
3 September 2023	£2,000
3 September 2023	£85
6 September 2023	£2,815
12 September 2023	£3,000
12 September 2023	£2,900
12 September 2023	£2,200

Unfortunately, we now know the data company was a scam. The scam was uncovered after the company asked Mr B for further payments before he could withdraw the money he was told he had earned, and Mr B realised he had been the victim of a scam.

Revolut investigated but said it had shown Mr B warnings before he made some of the payments, and didn't think it was at fault for processing the payments he had authorised. So it didn't agree to refund the money he had lost. Mr B wasn't satisfied with Revolut's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Revolut could reasonably have been expected to prevent the scam, so didn't think it should have to refund the payments Mr B had made. Mr B disagreed with our investigator, so the complaint has been passed to me.

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.

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 from 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 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;
- 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 it 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 does);
- 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.

But even if Revolut had recognised that Mr B was at heightened risk of financial harm from fraud when making some of these payments, I don't think the action I would have expected it to take would have prevented his loss. I'll explain why below.

I'm satisfied Revolut ought to have recognised that Mr B was at heightened risk of financial harm from fraud when he made the first payment here. The payment was for what I consider to be a significant amount and was identifiably related to cryptocurrency, which at this time I think Revolut should have recognised carries an elevated risk of the transaction being related to a fraud or scam.

I think a proportionate response to the risk I think Revolut should have identified would have been for it to ask Mr B a series of questions in order to try to establish the actual scam risk,

and then to provide him with a written warning relevant to that risk. But, had it done this, I'm not persuaded that it would have prevented Mr B's loss.

Revolut did ask Mr B some questions before the final payment he made here. It warned him the payment had been flagged as a potential scam, asked him to answer the questions truthfully and warned him that fraudsters may ask to hide the real reason for the payment and he may not get his money back if he doesn't answer truthfully.

It then asked if he was being prompted or guided on how to make the payment or which buttons to tap, to which Mr B answered that he wasn't. And it asked why Mr B was making the payment, to which he answered that it was a transfer to a checking or savings account he held with another bank. Revolut then showed Mr B a number of warnings and educational screens, including one which said to never ignore these warnings and that, if he'd been told to ignore what it had said, then to stop as it is a scam.

But from what I've seen of Mr B's communication with the scammers, they told him to tell his banks that no-one was guiding him and to ignore anything they tell him about fraud. Mr B also answered that the payment was going to a checking or savings account, when there appear to have been more suitable options available for him to select – such as an investment, paying taxes, or a trading account. So it appears Mr B didn't answer the questions Revolut asked him correctly.

In his communication with the scammers, Mr B also suggests several times that he doesn't think the questions the banks ask are sensible or necessary and that he knows how to answer them so that payments are allowed through.

So even if Revolut had asked more open-ended or more probing questions to establish the scam risk, and asked them when the first payment was made, I think it's likely Mr B wouldn't have given it accurate information about the purpose of the payment or the circumstances surrounding it – as happened with the questions he was asked. And so I don't think Revolut would have had significant concerns following its questions and I don't think any warning I would have expected it to show following those questions would have stopped Mr B from making the payments or losing the money he did.

I appreciate that Mr B has been the victim of a cruel scam and that my decision will come as a disappointment to him. He has lost a significant amount of money and I sympathise with the position he has found himself in. But I can only look at Revolut's responsibilities and, for the reasons I've set out above, I don't think anything I would reasonably have expected Revolut to have done would have prevented the loss he suffered. And so I don't think it would be fair to require Revolut to refund the money Mr B has lost.

We also expect firms to take reasonable steps to try to recover any money their customers have lost as a result of a scam, including making use of any available chargeback scheme. But a chargeback can only be made against the company the card payment was made to, which in this case is the cryptocurrency exchange. And I haven't seen anything to suggest the cryptocurrency exchange did anything wrong or did anything other than just process the cryptocurrency transactions as they were instructed to. So I don't think any chargeback claim against the cryptocurrency exchange would be successful, and Revolut has acted reasonably in rejecting Mr B's claim here.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or

reject my decision before 27 September 2024.

Alan Millward
Ombudsman