

The complaint

Mr L complains that Revolut Ltd won't refund money he lost when he fell victim to an employment scam.

Mr L is being represented by a claims management company.

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 seven transactions totalling just over £11,000 which Mr L made in May 2023 in connection with a job opportunity – completing tasks involving rating hotels to increase their visibility – with a company “D” who reached out to him on an instant messaging service. Mr L subsequently discovered that he'd fallen victim to a scam.

Mr L's Revolut account was opened as part of the scam. It was explained to him that he needed to make deposits in cryptocurrency into his account with D as and when required to complete some of the tasks. To make that deposit, Mr L transferred money from his 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 D (although Mr L didn't know this at the time).

All transactions were made using Mr L's debit card and went to a cryptocurrency exchange. When he was unable to withdraw his wages and commission and instructed to top up his account with more money, Mr L realised he'd fallen victim to a scam.

I issued my provisional decision earlier this month and explained why I didn't intend upholding this complaint. I said:

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 that in May 2023 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.*

EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. 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 questioned Mr L when he authorised the first disputed transaction of £1,500. Or for that matter, the next transaction of £1,300 which was authorised two hours later. I accept that these were identifiably cryptocurrency related. But buying cryptocurrency is a legitimate exercise. And at the time of opening the account, cryptocurrency was one of the declared purposes of the account.

That said, I'm satisfied that Revolut ought to have recognised that the third transaction – £1,600 authorised three hours after the previous transaction – carried a heightened risk of financial harm from fraud. I say this because by then a pattern of increased cryptocurrency related spending had begun to emerge. By May 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 Mr L 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 stopped Mr L in his tracks. But I'm not persuaded that it would have prevented Mr L's loss. This is because he wasn't sending payments in connection with an investment. He understood he was using the cryptocurrency platform to deposit funds into his account to spend with his '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 Mr L.

What that means is that even though Revolut missed an opportunity here, I'm not convinced it would have led to a different outcome. I think it's more likely than not that Mr L would have seen a warning about investment scams involving cryptocurrency – which is the extent of the intervention I would have expected at the time of the disputed transaction – and disregarded it as didn't apply to him. Much for the same reasons, I don't consider any subsequent intervention – which I would have

expected to be along the same lines – would have positively impacted Mr L's decision making.

I've also thought about whether Revolut could have done more to recover the funds once it became aware of the situation, as in some circumstances the money can be recovered. These were debit card payments, so the recovery avenue would have been limited to chargeback. But Mr L's payments went to a cryptocurrency exchange. He wouldn't be able to make a successful chargeback claim in the circumstances because the merchant he paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). For completeness, Revolut couldn't attempt a chargeback against any another party (i.e., the scammer).

In summary, I know that Mr L will be disappointed with this outcome. Not least because the matter has been ongoing for some time and our investigator upheld his complaint. I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mr L finds himself, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

I invited comments from both parties.

Mr L's representative replied and said that while they agree with my finding that the succession of payments was unusual and required intervention, they believe that intervention could have been effective if done properly.

In summary, the representative states that job/task scams are recognised as one of the most prevalent scam types and various warnings have been issued by major cryptocurrency exchanges and Action Fraud. They also argue that this service has considered a similar case about Revolut involving a job scam which was upheld by the deciding ombudsman. The representative believes my decision is inconsistent with previous decisions from this service and would like to understand why I've come to a different conclusion from similar submissions.

Revolut didn't reply and the deadline I gave has now passed. I've therefore assumed that it has nothing further to add.

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 thank Mr L's representative for their comments which I've carefully considered. However, they don't change the outcome I reached in my provisional decision. I'll explain why.

Mr L's representative has already acknowledged that this service decides each case on its merits. My role is to decide the case before me. In my provisional decision, I set out the type of intervention I would have expected from Revolut at the time Mr L authorised the relevant disputed transaction in May 2023. Namely, a written warning covering the typical features of cryptocurrency investment scams. That is what this service considers good practice in circumstances of what happened and when it happened.

It wouldn't be appropriate for me to comment on the specific details of the other cases that the representative has mentioned in their appeal, other than to say that similar circumstances doesn't necessarily mean the same set of circumstances. A cursory review of the ombudsman's decision shows that the payments dates in those cases are different to

Mr L's case.

More generally, I'm not persuaded by Mr L's representative's argument that steps taken by one EMI in early 2023 to incorporate more specific questioning to identify job scams means that it became good industry practice at the time of Mr L's payments, and so Revolut ought to have had similar measures in place.

Fundamentally, in the individual circumstances of Mr L's case, I wouldn't expect Revolut's written warning about cryptocurrency scams at the relevant time to have gone beyond the provision of common features of investment scams involving cryptocurrency. As I'm not persuaded that such a warning would have resonated with Mr L, I remain persuaded that it wouldn't have positively impacted his decision-making.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 27 September 2024.

Gagandeep Singh
Ombudsman