

The complaint

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

What happened

In late 2022, Mr N found out about a job opportunity with an online company who said they would pay commission to users who completed tasks on their app. He downloaded the app and was told that, in order to earn more commission, he needed to pay more money into the app. So he made a number of payments from his Revolut account to purchase cryptocurrency, which was then sent on to the company.

I've set out the payments Mr N made from his Revolut account below:

Date	Amount
1 October 2022	£463.73
5 November 2022	£1,620.35
18 November 2022	£4,176.53
18 November 2022	£4,395.04
18 November 2022	£1,938
19 November 2022	£4,832.45
19 November 2022	£1,481.21

Unfortunately we now know the company was a scam. The scam was uncovered after the app stopped working and Mr N wasn't able to contact anyone from the company. He then reported the payments he had made to Revolut as a scam.

Revolut investigated but said Mr N had authorised the payments and it wasn't able to request a chargeback or dispute them. So it didn't agree to refund the money he had lost. Mr N wasn't satisfied with Revolut's response, so referred a complaint to our service.

I sent Mr N and Revolut a provisional decision on 16 August 2024, setting out why I wasn't intending to uphold the complaint. And extract from my provisional decision is set out below:

"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 in October 2022 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);*
- *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 N 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 N was at heightened risk of financial harm from fraud by at least the point he made the fourth payment. At that point, Mr N had made two payments on the same day to the same payee, totalling what I consider to be a significant amount. And he'd made four payments to the same payee over the previous weeks, and the amounts of those payments appeared to be increasing significantly. And as this is similar to a pattern of payments often seen when customers are falling victim to a scam, I think Revolut should have recognised a risk here.

I think a proportionate response to the risk I think Revolut should have identified would have then been for it to show Mr N a written warning that broadly covered general scam risks.

But as the scam Mr N was the victim of wasn't common or well-known at that point and was a very specific type of investment or advance-fee scam, I wouldn't have expected the warning Revolut gave to specifically cover it. So I wouldn't expect the warning Revolut gave to highlight the key features of this kind of scam or to give specific advice on any steps Mr N could take to check whether what he was being told was genuine.

And so I don't think it's likely the warning I would've expected Revolut to provide would've seemed particularly relevant to Mr N, and I think it's unlikely it would have resonated with him or impacted his decision about whether to continue making the payments. And so I think he would likely still have continued to make the payments he did here.

I appreciate that Mr N 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 it 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 any of the money Mr N 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 so Revolut has acted reasonably in not carrying one out.”

I said I'd consider anything further Mr N and Revolut sent in following the provisional 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.

Neither Mr N nor Revolut submitted any further evidence or arguments to be considered following the provisional decision. So I still think the conclusions I set out in the provisional decision are correct, and for the same reasons.

I still don't think anything I would reasonably have expected Revolut to have done would have prevented the loss Mr N suffered. And so I don't think it would be fair to require Revolut to refund any of the money Mr N has lost.

My final decision

I don't uphold this complaint.

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

Alan Millward
Ombudsman