

## The complaint

Mr A complains that Revolut Ltd ('Revolut') won't reimburse the money he lost when he fell victim to a scam.

## What happened

Mr A says that he was contacted via a messaging app and offered the opportunity to work remotely for a company I'll refer to as C in this decision. The role involved completing sets of tasks to generate traffic for websites and earn commission. Mr A didn't know at the time, but C wasn't a real company, and he was communicating with a scammer.

Mr A says he was required to open an account on C's website and was advised he needed to maintain a positive balance to be able to complete the tasks and earn money. These funds would be returned when the set of tasks were completed (along with the commission earned). To add money to his account at C, Mr A was given instructions to buy cryptocurrency. He then sent it to cryptocurrency wallet addresses provided by the fraudsters, and that cryptocurrency appeared on his account at C.

After completing some initial sets of tasks, Mr A was given randomly generated 'merge data' which attracted much greater commission but required him to pay more to maintain a positive balance. The amounts Mr A was asked to pay to avoid a negative balance increased and he was unable to make further payments. The scammer told him that he couldn't withdraw any funds until he dealt with the negative balance.

I have set out in the table below the transactions Mr A made on the advice of the scammer. The payments to individual one were to buy cryptocurrency via the peer to peer method. All debit card payments were made to cryptocurrency exchanges.

Payment	Date	Amount	Method	Recipient
1	26/07/23	£117.82	Transfer	Individual 1
2	26/07/23	£15	Debit card	Crypto 1
3	26/07/23	£290	Debit card	Crypto 1
	27/07/23	£600	<i>Debit card - declined</i>	<i>Crypto 1</i>
4	27/07/23	£604.20	Transfer	Individual 1
5	27/07/23	£820	Debit card	Crypto 1
6	27/07/23	£201.40	Transfer	Individual 1
7	28/07/23	£38.87	Debit card	Crypto 2
8	28/07/23	£2,580	Debit card	Crypto 3
9	30/07/23	£2,000	Debit card	Crypto 3
10	31/07/23	£500	Debit card	Crypto 1

<b>Total</b>		<b>£7,167.29</b>		
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Mr A realised he was the victim of a scam and appointed a professional representative who sent a letter of complaint to Revolut in August 2023.

Revolut didn't agree to reimburse Mr A. It asked for more information to enable it to consider Mr A's claim but didn't receive anything. Revolut also said it has no chargeback rights in respect of the debit card payments as Mr A bought cryptocurrency from legitimate exchanges.

#### *Our investigation so far*

The investigator who considered this complaint didn't recommend that it be upheld. He said the transactions weren't so unusual and out of character that Revolut needed to do anything more. The investigator also raised some concerns about whether Mr A had proved his loss (as he hadn't provided statements from all his cryptocurrency accounts) and because Mr A appeared to have received returns that he hadn't declared to this service.

Mr A didn't agree with the investigator's findings, so his complaint has been passed to me to decide. He said that no-one makes a legitimate payment to a safe account so Revolut should have blocked his account and asked him questions about the transaction. Had this happened, Mr A says his responses would have revealed he was the victim of a job scam.

#### **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.

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 July 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; (post-CD only)
- 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 understand the concerns the investigator has raised in respect of proof of loss in this case. As I don't intend to uphold Mr A's complaint, I don't need to make a finding on these issues.

Mr A opened an account with Revolut in April 2021. He used the account for relatively low value transactions and to exchange and trade cryptocurrency.

The first transaction Mr A has asked me to consider was very much in line with his usual account activity. As he was paying a new payee Revolut provided Mr A with a general warning that said:

*"Do you know and trust this payee?"*

*"If you're unsure, don't pay them, as we may not be able to help you get your money back. Remember, fraudsters can impersonate others and we will never ask you to make a payment."*

Revolut also provided Mr A with educational screens which said victims lose millions of pounds each year and that fraudsters are professionals, before asking Mr A for the purpose of the payment. Mr A chose the payment reason 'Transfer to a 'Safe Account'', although there was the option to choose 'Crypto Currency'.

It's likely Revolut includes a safe account payment reason to try to protect customers from financial harm. I consider it should, in most circumstances, take steps to satisfy itself that this payment reason has been chosen in error – given the prevalence of safe account scams. But I'm also mindful of the fact this was a very low value transaction and no other safe account risk factors were present. As well as being a very low value transaction, a pattern of payments hadn't emerged, and, although it left the account with a low balance, this wasn't unusual given the usual operation of the account.

I think Revolut ought reasonably to have asked some questions to satisfy itself Mr A wasn't falling victim to a safe account scam. I consider that if asked, Mr A would have confirmed he was buying cryptocurrency and the transaction would have been processed. But, given the low value of the transaction, the lack of other safe account scam risk factors and clear evidence Mr A was making card payments to cryptocurrency exchanges at the time, I'm not persuaded Revolut needed to go beyond establishing what the payment was for and that Mr A hadn't been contacted unexpectedly asking him to move his funds to keep them safe. In the circumstances, I don't consider it would have become apparent Mr A was falling victim to a task based job scam.

Transactions two, three, five and seven were low value card payments to identifiable cryptocurrency exchanges that were also in keeping with Mr A's usual account activity, so I consider Revolut acted reasonably in processing them.

It's unclear from Revolut's submission whether Mr A was asked to provide a payment reason for all three transfers or just in respect of the first transfer following the new payee warning. If Mr A was required to provide a payment reason for the other two transfers Revolut should have asked enough questions to satisfy itself that Mr A wasn't falling victim to a safe account scam. As the transactions were low in value and other safe account risk factors weren't apparent, I think the result would have been the same as in respect of transaction one and the payments would still have been made.

By the time Mr A made transaction eight in the table above I consider Revolut should have recognised that Mr A was at heightened risk of financial harm from fraud. He had made a series of transactions in a short space of time that were increasing in value. At the time the transaction was made, I consider a proportionate response would have been to have provided Mr A with a tailored written warning relevant to cryptocurrency investment scams, setting out the key features of such a scam.

I've gone on to consider whether such a warning would have prevented him from making further payments. Given that Mr A wasn't falling victim to an investment scam I'm not persuaded that the type of warning I think Revolut ought reasonably to have provided would have resonated with him and impacted his decision making, particularly as Mr A had invested in cryptocurrency before and was familiar with how it worked.

The reasoning I have applied to payment eight also applies to payment nine. The final transaction made by Mr A was low in value and I wouldn't have expected Revolut to have had any concerns about it.

Overall, whilst I'm sorry to hear that Mr A has fallen victim to a cruel scam and lost money as a result, I can't reasonably ask Revolut to reimburse his loss.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 17 December 2024.

Jay Hadfield  
**Ombudsman**