

## **The complaint**

Mr B complains that Revolut Ltd didn't do enough to protect him from the financial harm caused by an employment scam, or to help him recover the money once he'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In June 2023, Mr B was contacted via Telegram by someone I'll refer to as "the scammer". The scammer told Mr B about a job opportunity with a company I'll refer to as "C" which would require him to complete tasks in return for commission. The tasks involved rating films to help promote them and increase ratings. They explained he would need to purchase tasks using cryptocurrency and instructed him to set up a wallet which would allow the payments to be transferred to the platform.

Mr B carried out due diligence on C by searching online for reviews on Trustpilot. He didn't see anything concerning and so he decided to go ahead.

The scammer sent Mr B a link to create an account on C's platform and explained he would need to complete 30 tasks before he could withdraw his commission. They told him to first purchase cryptocurrency and then load it onto an online wallet. On 7 June 2023 he made seven transfers to two different payees (the first five to a cryptocurrency account in his own name followed by two payments to a third party) totalling £8,428.22.

When he'd completed all 30 tasks, Mr B tried to make a withdrawal and was told he needed to pay an extraction fee, at which point he realised he'd been scammed.

He complained to Revolut, but it refused to refund any of the money he'd lost. It said he was given a new payee warning each time he paid a new beneficiary and four of the payments were put on hold and he was shown a message about the purpose of this payment, followed by educational screens regarding potential scams.

Mr B wasn't satisfied and so he complained to this service with the assistance of a representative who argued the interventions were insufficient. The representative said Mr B was making unusually high payments to multiple new payees, there was a sudden increase in spending, a sudden change in the operation of the account, multiple payments in quick succession, and that the activity matched a known scam. They also said the account wasn't used much prior to the scam payments and so the payments were highly unusual.

They said Revolut should have called Mr B and asked who he was trading with and how he met them, whether he'd done any due diligence, whether he'd checked the FCA register, whether he'd been promised unrealistic returns, whether he'd received any withdrawals and whether anyone had pressured him to make the payment. And as Mr B hadn't been coached to give false answers, Revolut would have detected the scam and provided an effective warning.

Revolut said that when Mr B opened the account in February 2018, he declared the intended purpose was 'overseas transfers', 'stocks', and 'crypto', which was consistent with the payments. And the account had essentially been dormant from 2 October 2019, so there was no historical transaction behaviour that it could have used to determine normal activity.

It explained that Mr B received a warning when adding a new beneficiary, and that the warning was effective in raising awareness of the risks of sending funds to unknown parties. He was also shown educational story messages for four of the payments. It argued that he was determined to proceed with the payments and further interception wouldn't have changed his mind.

It also said that Mr B had contributed to his own loss. It said he was warned for five out of seven transfer attempts about the possibility of being a victim of a scam, yet he went ahead without completing any due diligence or questioning why he was being required to make payments for a job in return for which he expected to be paid.

Our investigator thought the complaint should be upheld. Having initially reached a slightly different conclusion, he clarified in a second view that he thought Revolut ought to have intervened when Mr B made the fourth payment. He said the first three payments wouldn't have been unusual because they were low value, but he thought Revolut ought to have been concerned about the fourth payment because it was the fourth payment to the same payee in two hours.

He said it should have contacted Mr B via its in-app chat facility and asked suitable, tailored questions about the payments and the basic surrounding context, and had it done so he was satisfied Mr B would've explained what he was doing, because he believed the payment being made was for legitimate purposes. Consequently, he thought Revolut should refund the money he'd lost from the fourth payment onwards.

Finally, our investigator explained that he didn't think Mr B had acted unreasonably because he'd done some due diligence and checked Trustpilot for negative reviews. He also set up his own username and password for the platform, which had satisfied him the account was secure.

Mr B accepted our investigator's recommendation, but Revolut asked for the complaint to be reviewed by an Ombudsman. It cited the Supreme Court's judgment in *Philipp v Barclays Bank UK plc*, where the Court held that in the context of APP fraud, where the validity of the instruction is not in doubt, 'no inquiries are needed to clarify or verify what the bank must do. The bank's duty is to execute the instruction and any refusal or failure to do so will prima facie be a breach of duty by the bank'.

It argued that the transactions were self-to-self transfers to Mr B's own account and to effectively apply the reimbursement rules to self-to-self transactions is an error of law. It also said there was no rational explanation as to why it should be held responsible for all, most or 50% of Mr B's loss and that it's irrational to hold it liable for losses in circumstances where it is merely an intermediate link, and there are other authorised banks and other financial institutions in the payment chain that have comparatively greater data on the customer.

It maintained that the warnings were relevant as Mr B was making payments to cryptocurrency, and it's just an assumption that more relevant job-scam specific warnings would have changed his mind.

Finally, it argued that Mr B failed to question why he was being required to spend his own money as part of the job, why he'd been contacted out of the blue on WhatsApp, why the job didn't require prior experience, and why he wasn't given any employment documentation.

### **My provisional findings**

I explained I was satisfied that Mr B 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr B is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Mr B didn't intend his money to go to scammers, he did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

Revolut was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I'd seen, the payments were made to genuine cryptocurrency exchange accounts. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I needed to consider whether it ought did enough when Mr B tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting him from financial harm due to fraud.

Five of the seven payments triggered Revolut's fraud systems, and I considered whether the warnings he received were proportionate to the risk presented by the payments. I considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Mr B normally ran his account and as the account wasn't used between 2019 and 2023, I thought they were. However, when he opened the account in 2018, Mr B declared one of the purposes of the account as 'crypto' and so the transfers were in line with this declaration.

The first four payments were low value and so, even though they occurred in the space of two hours, the cumulative total was only £2,439.20 and so I didn't think Revolut needed to intervene.

However, I thought Revolut should have intervened when Mr B made the fifth payment because, even though the payments were in line with the account opening purpose, he was sending £1,378.39 to a high-risk cryptocurrency merchant and the cumulative total for the day had risen to £5,618.16, which was significant, especially as the account hadn't been used since 2019.

Revolut has described that Mr B was shown educational screens when he made this payment, but in the circumstances, while I accepted it didn't have enough information to alert it that he might be the victim of a job scam, I thought a proportionate response would have been to provide a tailored written warning which was relevant to cryptocurrency investment scams.

However, I thought carefully about whether a specific warning covering off the key features of cryptocurrency investment scams would have likely prevented any further loss in this case and on the balance of probabilities, I didn't think it would have.

I explained I would expect a written warning to have covered off some of the key features of cryptocurrency-related investment scams, including the fact victims are usually targeted via social media or email, and fake online trading platforms can appear professional and legitimate. But Mr B didn't think he was investing in cryptocurrency, he didn't find the scammer on social media, and he wasn't using a trading platform.

Further, at the point I thought Revolut ought to have intervened, Mr B hadn't yet asked to withdraw any commission, and according to his representative, he thought the job was genuine because he'd done some due diligence and hadn't seen any negative reviews about C, he could see his balance increase when he made deposits, the scammer seemed professional and knowledgeable, and C's website seemed genuine. So, I thought it was unlikely that a written warning about cryptocurrency investment scams would have alerted him to the scam.

I considered whether Revolut ought to have intervened in any of the later payments and while I accepted he was transferring funds to a new payee and this wasn't an account in his own name, the amounts were lower than the transfers he'd already made that day, and so I thought a new payee warning would have been sufficient.

### *Compensation*

The main cause for the upset was the scammer who persuaded Mr B to part with his funds. I haven't found any errors or delays to Revolut's investigation, so I didn't think he was entitled to any compensation.

### *Recovery*

Mr B has described that he paid an account in his own name and from there the funds were moved to an online wallet in the scammer's control, so I was satisfied there was no prospect of a successful recovery.

### **Developments**

Mr B's representative has said he doesn't agree with my provisional findings. They have reiterated that the account had been dormant for four years and Mr B made payments totalling £5,619.16 in quick succession to a high-risk cryptocurrency merchant following credits into the account. They have argued that human intervention should have occurred and that this would have prevented the 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.

I've considered the further point raised on Mr B's behalf however, the findings in my final decision will remain the same as my provisional findings.

I agree that the circumstances of the fifth payment meant that the warnings he was shown weren't proportionate. However, I remain satisfied that a written warning tailored to

cryptocurrency investment scams would have been proportionate and, for the reasons outlined above, that this wouldn't have alerted Mr B to the scam.

I'm sorry to hear Mr B has lost money and the effect this has had on him. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't direct it to do anything further to resolve this complaint.

### **My final 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 B to accept or reject my decision before 13 January 2025.

Carolyn Bonnell  
**Ombudsman**