

## The complaint

Mr C complains that Revolut Ltd (Revolut) has refused to refund him the money he lost as a result of a scam.

Mr C is being represented by a third party. To keep things simple, I will refer to Mr C throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr C came across an investment opportunity through Facebook. While Mr C wasn't actively looking to invest the advertisement suggested Mr C would be able to make a substantial profit.

Mr C completed his contact information online and was contacted by the business ETA Limited (X). X convinced Mr C that it was offering a genuine investment opportunity and explained he could start investing with a small amount before deciding to invest more.

Mr C found some positive online reviews for X and agreed to invest. Mr C was guided through the investment process using the screen sharing application AnyDesk that he downloaded on X's request. He was presented with a convincing investment platform where he could view his trades and was in regular contact with X. As he could see his investments were doing well Mr C invested larger amounts.

Mr C could see he had made a substantial profit on his investment and decided to make a withdrawal. At this stage X explained Mr C would first need to make a large payment in relation to taxes. Persuaded by the professional approach X adopted Mr C made this payment.

Following this payment being made Mr C was still unable to make a withdrawal and was again asked for another payment to be made. At this point Mr C realised he had fallen victim to a scam.

Mr C made the following payments into the scam via different cryptocurrency exchanges:

Date	Payee	Amount	Payment Method
30 June 2022	Coindeck	£250	Debit Card
5 July 2022	Coindeck	£750	Debit Card
5 July 2022	Skrill (Binance)	£1,250	Transfer
7 July 2022	Skrill (Binance)	£10,000	Transfer
11 July 2022	Skrill (Binance)	£15,000	Transfer
14 July 2022	Skrill (Binance)	£7,000	Transfer
18 July 2022	Skrill (Binance)	£5,000	Transfer
29 July 2022	Kraken	£5,000	Debit Card
7 September 2022	Skrill (Binance)	£13,500	Transfer

Mr C has been unable to recover any of the payments he made.

Our Investigator considered Mr C's complaint and thought it should be upheld. Although he also thought Mr C should share responsibility for his loss.

Revolut disagreed, so this complaint has been passed to me to decide.

### **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.

It has not been disputed that Mr C has fallen victim to a cruel scam. The evidence provided by both Mr C and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr C lost due to the scam.

#### *Recovering the payments Mr C made*

Mr C made payments into the scam via debit card and transfer. The payments went to a cryptocurrency exchange and then onto the scammer.

Revolut was unable to process a chargeback for the payments Mr C made in relation to this scam.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

As the scammer was not a party to the payments, Mr C does not have a valid claim against the company he paid. This is because the company provided the service, which was to purchase the cryptocurrency. The subsequent transfer to a wallet would not give rise to a valid chargeback.

I have considered if Mr C should have received a refund under the Contingent Reimbursement Model (CRM) code. But the CRM code only applies when domestic payments (as the result of a scam) are sent to another person. Here Mr C sent the payments to an account held in his own name and the scam occurred when he moved his purchased crypto from that account to the scammer. I'm satisfied the CRM code wouldn't apply in this scenario.

Overall, I'm satisfied Revolut was unable to recover the payments Mr C made.

#### *Should Revolut have prevented the payments Mr C made?*

Mr C has accepted he authorised the payments he made from his account with Revolut, so the starting point here is that Mr C is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Revolut should have stepped in when Mr C was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

The payments Mr C made were to new payees. But it wouldn't be reasonable for me to say Revolut should stop all payments its customers make to new businesses. The first three payments Mr C made were relatively low in value and I don't think it was unreasonable that these payments didn't trigger Revolut's fraud prevention systems prompting it to step in.

The fourth payment Mr C made in relation to the scam was for a much higher value of £10,000 to a cryptocurrency exchange. It wasn't usual for Mr C to make payments of this size to this type of business so I think Revolut's fraud prevention systems should have been triggered and it should have stepped in and questioned Mr C about the payment.

Had Revolut stepped in and asked Mr C about how the payments had come about I think it's likely it would have uncovered the scam and been able to prevent this payment and all following payments.

I say this because there was a warning on the FCA database about X at the time Mr C made the £10,000 payment. Revolut would have known where to look for such warnings and given the payments Mr C was making, and the use of the application AnyDesk, it could have guided Mr C to the warning. Had Mr C been made aware that the payments he was making were likely related to a scam I think it's likely he would have stopped making payments.

So, I think Revolut is responsible for the payments Mr C made into the scam from the first large payment he made of £10,000 onwards.

*Did Mr C contribute to his loss?*

Mr C financed some of the investment by taking out a loan and as directed by X he gave an incorrect reason for the loan. This isn't unusual in this type of scam as the scammers are usually aware loans won't be granted for investment purposes.

I understand X had built a relationship with Mr C and Mr C trusted X, but I don't think it was reasonable for Mr C to have given false information on a loan application. Had Mr C completed the loan application correctly it is likely the application would have been rejected preventing further payments to the scam being made.

Mr C was also receiving large profits on the platform and I think it would have been prudent of him to do further research about X considering these profits appeared too good to be true.

Considering the above I think it would be fair to reduce compensation by 50%.

Revolut has argued that had it stepped in when I said above Mr C would have likely not given correct information about the payments and it wouldn't have been able to prevent the scam. But I think this is unlikely, as had Revolut stepped in and asked probing questions I think it would have had every chance of preventing Mr C incurring further losses. So, this doesn't change my decision.

### **Putting things right**

Revolut Ltd should refund all the payments Mr C made into the scam from and including the payment of £10,000 he made on 7 July 2022 less 50%.

Revolut Ltd should add 8% simple interest per year to the amount it pays Mr C from the time Mr C made the payments to the time Revolut Ltd provides the refund (less any lawfully deductible tax).

**My final decision**

I uphold this complaint and require Revolut Ltd to put things right by doing what I've said above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 31 August 2023.

Terry Woodham  
**Ombudsman**