

The complaint

Mr B complains that Revolut Ltd didn't do enough to protect him from a scam.

Mr B is being represented by a claims management company, but for ease of reading, I'll refer to Mr B in my decision.

What happened

In 2022 Mr B saw and then clicked on an advert on social media about investments. He then received a call from a merchant, I'll refer to here as 'D' and was encouraged to start investing. D encouraged Mr B to open an account with Revolut so that he could make the payments towards the investment.

On 25 August 2022 Mr B opened the account with Revolut with the help of D who asked Mr B to download software to his device so he could share his screen and see what was happening. Mr B then proceeded to make the following payments to two genuine crypto exchanges;

Date	Payee	Amount	Method of payment
25/08/2022	Crypto exchange	£1,000.00	Debit card payment
29/08/2022	Crypto exchange	£6,395.00	Faster payment outwards
29/08/2022	Crypto exchange	£4,489.78	Debit Card Payment
29/08/2022	Crypto exchange	£4,077.06	Debit Card Payment
31/08/2022	Crypto exchange	£1,000.00	Debit Card Payment
12/09/2022	Crypto exchange	£2,000.00	Debit Card Payment
28/09/2022	Crypto exchange	£5,000.00	Faster payment outwards
04/10/2022	Crypto exchange	£4,240.00	Debit Card Payment
	Total loss	£28,201.84	

The £6,395 payment was flagged by Revolut and Mr B was asked for the reason he was making it. Mr B then selected 'transfer to a safe account.' After a further warning was provided the payment was allowed to be sent. Mr B then continued to make the further payments to the crypto exchanges, listed above, before his money was transferred on to D with D's help via software Mr B had downloaded, for a total loss of £28,201.84.

After asking for a withdrawal of the profits Mr B thought he had made, he became suspicious of D's actions and requests to enable him to successfully withdraw his money. So, he contacted Revolut to make a claim.

Revolut considered the claim but didn't offer to refund Mr B. It said it provided a sufficient warning to Mr B based upon the reason he selected for the payment. So, it didn't think it had done anything wrong.

Mr B remained unhappy so he brought his complaint to this service. He said he had fallen for an elaborate scam and Revolut failed to do enough to stop him from losing his money. He said the payments were unusual and that Revolut had missed eight opportunities to stop this scam.

Our investigator didn't think the complaint should be upheld. He said that Revolut provided a sufficient warning after stopping the second payment and he couldn't say Revolut could've done more in the circumstances because Mr B had provided an incorrect payment reason. So, he didn't think Revolut had treated Mr B unfairly in all the circumstances.

Mr B disagreed and asked for an Ombudsman's review. He said that Revolut was on notice that a scam was taking place when Mr B selected 'transfer to a safe account'. Therefore, it should've done more to contact Mr B and speak to him about what was happening. And if it had the scam would've more than likely been uncovered.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I know Mr B feels strongly about this complaint and this will come as a disappointment to him, so I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Should Revolut have done more to stop the payments and what difference would it have made?

When Mr B opened the Revolut account at D's request he said the reason the account was opened was to 'spend or save daily'. When Mr B made the second payment towards the scam this was flagged by Revolut. Mr B provided a payment purpose and was given a warning based upon the payment purpose "Safe account transfer." I think it's worth noting here that Mr B has said he was told by the scammer to click on any payment reason so that the payment could go through. And Mr B had downloaded software allowing the scammer to see the payments as they were being made. I'd consider that to be a form of coaching in this instance. Although Mr B wasn't told to outright lie to Revolut about why he was making the payment, being told to pick any payment reason so the payment can go through and to act without due care and attention has had a similar outcome – in that he didn't select the correct payment reason and was also extremely unlikely to take any notice of what the warnings were trying to explain to him due to being under the scammer's instruction.

Mr B says more should've been done by Revolut such as the payment being blocked and a conversation between himself and Revolut about the payment. But I don't agree. Firstly, I'm satisfied a warning was provided (albeit the incorrect one due to Mr B selecting the wrong payment reason) and then subsequently ignored. Here, the account was opened because of the scam under D's instructions. So, there was very little information in terms of a payment history for Revolut to consider whether these payments were sufficiently unusual. As a

result, I think Revolut hasn't treated Mr B unfairly by asking for a payment reason for the second payment and providing a fraud and scams warning based upon the answers Mr B provided.

I've considered the further point Mr B has made that even though the wrong payment reason was selected, this still should've put Revolut on notice that a scam was happening. And therefore, Revolut should've spoken to Mr B. I understand what Mr B is saying here but I don't think a safe account payment will always be because of a scam. The payment reason could be selected where consumers are moving money to another account they own and consider to be safe - such as a savings account or a consumer has selected the wrong payment option. When opening the account, Mr B said he was using it to spend and save. So, moving money to a safe account wouldn't be that unusual in the circumstances. And I think it's worth repeating here that Revolut did provide a sufficient warning in the circumstances about that particular payment reason.

So, I'm satisfied that the warning Revolut provided was proportionate based upon the scam risk it identified and the payment reason that it was given. And, in all the circumstances, I don't think Revolut treated Mr B unfairly by allowing the payment and the others that followed to be sent. After the second payment was made by Revolut this established a pattern of spending on the account where it wasn't unusual for Mr B to send larger payments to crypto exchanges.

So, I don't think Revolut should've done more to stop the payments.

Chargeback

The chargeback process is relevant here. A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant scheme rules. What this means is that Revolut can, in certain circumstances, ask for a payment Mr B made to be refunded. One of those circumstances is where the goods or services aren't supplied or as described by the merchant Mr B paid.

A chargeback isn't guaranteed to result in a refund. There needs to be a right to a chargeback under the scheme rules. And under those rules the merchant can defend a chargeback if it doesn't agree with the request. If a chargeback is defended, the card issuer (in this case Revolut) can make a second presentment of the chargeback by providing further supporting evidence. If it is still defended by the merchant, it can ask the card scheme provider to decide whether a refund should be given. This, final part of the chargeback process, is called arbitration.

There is no obligation for a card issuer to process a chargeback when a consumer asks for one. But we would consider it good practice for a chargeback to be attempted where the rights exist and there is some prospect of success.

But here a chargeback wouldn't have been successful for the payments to the legitimate cryptocurrency exchanges, as the money Mr B sent was used to purchase the cryptocurrency as per his intention. So, Mr B duly received the service he paid for on his debit card. The money was subsequently lost from the crypto platform when the funds were transferred to the scammer. So, he couldn't claim that he didn't receive the goods or services paid for from his Revolut account, which was the purchase of the cryptocurrency.

Having carefully considered this complaint, I'm acutely aware of the significant impact this whole situation has had on Mr B. And I'm of course very sorry to hear that he has lost such a significant amount of money. But I'm afraid I don't think Revolut are responsible for his loss here.

So, I'm not going to ask Revolut to do anything more.

My final decision

For the reasons outlined above, 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 15 November 2023.

Mark Dobson
Ombudsman