

The complaint

Mr F complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr F is being represented by a third party. To keep things simple, I will refer to Mr F 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 F was interested in investing when he came across the business PRIME COIN (X). The business appeared to specialise in cryptocurrency investment and the website looked both professional and legitimate.

Mr F reached out to X and received communications from one of X's representatives claiming to be a financial advisor. X explained she would be trying to make Mr F as much money as possible.

Convinced by X that this was a genuine opportunity Mr F agreed to set up an account with it, and he supplied his personal details and proof of identification. X also setup an account with the cryptocurrency exchange Binance via a screen sharing application.

Mr F was persuaded to take out several loans to fund the investment and says he was coached through the loan applications by X. When the funds were received in his Revolut bank account Mr F transferred the funds to his Binance account as instructed by X.

Mr F could see the funds appear on his trading account with X and again the website looked very professional and legitimate.

Mr F could see his investment was doing well and after further conversations with X he was persuaded to make further investments. X again persuaded Mr F to take out loans with a different lender to fund his investment.

Mr F could see he had made a substantial profit and requested a withdrawal from his account. X said she had initiated a withdrawal, but the funds never appeared in his account. Mr F tried to contact X again but was unable to and it was clear he had fallen victim to a scam.

Mr F made the following payments into the scam via Binance using his debit card:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
27 May 2022	Binance	Debit Card	£5,000
27 May 2022	Binance	Debit Card	£5,000
27 May 2022	Binance	Debit Card	£5,000
31 May 2022	Binance	Debit Card	£10,000

1 June 2022	Binance	Debit Card	£10,000
1 June 2022	Binance	Debit Card	£10,000

Our Investigator didn't uphold Mr F's complaint. Mr F 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 F has fallen victim to a cruel scam. The evidence provided by both Mr F and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr F lost due to the scam.

Recovering the payments Mr F made

Mr F made payments into the scam via his debit card. When payments are made by card the only recovery option Revolut has is to request a chargeback.

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.

Mr F was dealing with X, which was the business that instigated the scam. But Mr F didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange (Binance). This is important because Revolut was only able to process chargeback claims against the merchant he paid (Binance), not another party.

The service provided by Binance would have been to convert or facilitate conversion of Mr F's payments into cryptocurrency. Therefore, Binance provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr F paid. As Binance provided the requested service to Mr F any chargeback attempt would likely fail.

With the above in mind, I am satisfied that Revolut had no reasonable options available to it to recover the payments Mr F sent as part of the scam.

Should Revolut have reasonably prevented the payments Mr F made?

It has been accepted that Mr F authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr F 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 been aware of the scam and stepped into question Mr F about the payments he was making. And if it had questioned Mr F, would it

have been able to prevent the scam taking place.

Mr F's account with Revolut had been newly opened so Revolut didn't have any history to compare Mr F's usual spending habits with. However, Mr F attempted to make payments to Binance from his account that were unsuccessful, before the first successful payment was processed. Mr F had an online chat conversation with Revolut at this time.

During the online chat conversation Mr F confirmed he had not downloaded any screen sharing applications. Mr F also confirmed to us that he had been coached by X and the reason he gave when he took out loans to fund the investment was "home improvements".

From the information available it's clear X was coaching Mr F on what to say and that Mr F was willing to give false information to both fund the investment via loans, and to make payments into it. With the above in mind, I think it's unlikely Mr F would have been any more truthful had Revolut intervened any further, so therefore, even if it did, the scam is unlikely to have been uncovered.

As I don't think Revolut missed an opportunity to prevent the scam it's not responsible for Mr F's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 13 February 2024.

Terry Woodham
Ombudsman