

The complaint

Miss C complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

Miss C is being represented by a third party. To keep things simple, I will refer to Miss 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, Miss C was looking to make an investment when she came across the website Uni-co.org offering what appeared to be a legitimate professional trading platform. Before signing up to the platform Miss C carried out an online search and was unable to find any negative reviews.

After signing up to the platform Miss C received an email from the scammer (X) who explained how the investment worked. X seemed very professional and told Miss C she would have to open a Binance account to fund the investment.

On X's instruction Miss C started to make payments into the investment.

After seeing her investment grow Miss C looked to make a withdrawal from her investment account. X told Miss C she would first need to make a tax payment, and it provided legitimate looking documentation to support this request for payment. Miss C made the payment as requested but still was unable to withdraw any funds.

X asked Miss C to make yet more payments and it was at this stage that she realised she had fallen victim to a scam.

Miss C made the following payments into the scam:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1 June 2022	Named individual	Transfer	£1,000
3 June 2022	Named individual	Transfer	£4,678
6 June 2022	Binance	Debit Card	£1,000
6 June 2022	Binance	Debit Card	£2,000
7 June 2022	Binance	Debit Card	£4,000
9 June 2022	Binance	Debit Card	£4,300
10 June 2022	Binance	Debit Card	£3,700

Our Investigator considered this complaint but didn't think it should be upheld. Miss C 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 Miss C has fallen victim to a cruel scam. The evidence provided by both Miss C and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Miss C lost due to the scam.

Recovering the payments Miss C made

Miss C made payments into the scam via transfer and 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.

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

The service provided by Binance would have been to convert or facilitate conversion of Miss C's payments. Therefore, Binance provided the service that was requested.

The fact that the funds were later transferred elsewhere – to X – doesn't give rise to a valid chargeback claim against the merchant Miss C paid. As Binance provided the requested service to Miss C any chargeback attempt would likely fail.

When a payment is made by transfer Revolut has limited recovery options available to it. I can see that Revolut did not try to recover the payments Miss C made by trying to contact the receiving bank. But I don't think this was unreasonable. Miss C contacted Revolut about the scam sometime after making the payments and I think it's most likely the funds had been moved on within this time.

So, I think it's unlikely Revolut would have been able to recover any of the funds Miss C lost to the scam.

Should Revolut have reasonably prevented the payments Miss C made?

It has been accepted that Miss C authorised the payments that were made from her account with Revolut, albeit on X's instruction. So, the starting point here is that Miss 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 been aware of the scam and stepped in and questioned Miss C about the payments she was making. And if it had questioned Miss C, would it have been able to prevent the scam taking place.

Miss C made two transfers to an individual at the beginning of the scam. I don't think these payments were of a significant enough value to have triggered Revolut's fraud prevention systems prompting it to step in.

The following week Miss C made five further payments using her debit card to the cryptocurrency exchange Binance. These payments were also not for significant values that I would expect to have been picked up by Revolut's fraud prevention systems, and it would not be reasonable for me to suggest that Revolut should intervene in every payment its customer makes – particularly payments that are to legitimate businesses (as was the case here).

The Revolut account Miss C was making the payments from was a relatively new account with little history to compare the operating of the account with. So, these payments would not have been considered out of line with the normal operating of the account and been a concern to it.

When considering the payments in dispute here, I don't think when taken individually or collectively, Revolut would have had reasonable grounds to suspect a fraud or scam was taking place. So, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Miss C's loss.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 16 January 2024.

Terry Woodham
Ombudsman