

The complaint

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

Mrs B is being represented by a third party. To keep things simple, I will refer to Mrs B 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, Mrs B found an article for an investment on an app she had on her phone. The Investment appeared to be endorsed by well-known celebrities which Mrs B says gave her confidence the investment was genuine. Interested in the opportunity Mrs B did an online search about the business (X) and found only good reviews. Mrs B therefore called the number provided.

Mrs B received a call back from X. X was very professional and explained he had 9 years' experience. This built Mrs B's confidence even more.

X persuaded Mrs B to download the screen sharing application AnyDesk. X told her this was required so he could teach her how to navigate a trading platform and place trades. Mrs B then started to make trades as instructed by X and X would contact Mrs B regularly to persuade her to increase her investments.

After seeing a fraud programme about scams Mrs B decided to withdraw funds from her investment but found she was unable to make any withdrawals. At this point she realised she had fallen victim to a scam.

Mrs B made the following payments into the investment via various cryptocurrency exchanges:

Date	Payee	Payment Method	Amount
10 November 2022	Binance	Debit Card	£1,200.00
15 November 2022	Guardarian Ou	Debit Card	£4,359.21
16 November 2022	Guardarian Ou	Debit Card	£4,378.87
21 November 2022	Guardarian Ou	Debit Card	£4,333.96
23 November 2022	CRO	Debit Card	£2,000.00
06 December 2022	Foris Dax	Transfer	£5.00
06 December 2022	Foris Dax	Transfer	£1.00
06 December 2022	Foris Dax	Transfer	£1.00
08 December 2022	Foris Dax	Credit	- £1.00
13 December 2022	Crypto.com	Debit Card	£2,533.55
15 December 2022	Foris Dax	Credit	- £5.00
15 December 2022	Foris Dax	Credit	- £1.00
29 December 2022	Guardarian.com	Debit Card	£3,120.00

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

Recovering the payments Mrs B made

Mrs B made payments into the scam via transfer and her debit card although only £7 was sent via transfer and this was refunded to her. 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.

Mrs B was dealing with X, which was the business that instigated the scam. But Mrs B didn't make the debit card payments to X directly, she paid separate cryptocurrency exchanges. This is important because Revolut would only have been able to process chargeback claims against the merchants she paid, not another party (such as X)

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mrs B's payments into cryptocurrency. Therefore, they 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 merchants Mrs B paid.

With the above in mind, I don't think Revolut had any recovery options available to it for the payments Mrs B made.

Should Revolut have reasonably prevented the payments Mrs B made?

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

The payments Mrs B made into the scam were not of significantly high values and were to legitimate businesses, spaced out over several weeks. Mrs B's account had also not been opened for very long so Revolut would not have had much to compare her usual spending habits with.

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 and I don't think it was unreasonable that Revolut's fraud prevention systems were not triggered prompting it to step in and ask Mrs B about the payments she was making.

So Revolut is not responsible for Mrs B's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 30 January 2024.

Terry Woodham
Ombudsman