

The complaint

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

Mr A is being represented by a third party. To keep things simple, I will refer to Mr A 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 A came across an advertisement for an investment business called Cryptgraph (X) online. Interested in the potential opportunity Mr A completed an online data caption form and later received a call from X.

X convinced Mr A it was offering a legitimate investment and provided links showing good reviews published online. Mr A was required to download the screen sharing application AnyDesk so that X could help him with the investment process.

X helped Mr A setup an account with the cryptocurrency exchange Binance, and another account on its own platform. X also advised Mr A to setup an account with Revolut as it was more accessible and easier to use when investing.

Mr A started to invest small amounts and was able to make a withdrawal which built his confidence X was legitimate. X explained Mr A had progressed to become a diamond account holder and if he wanted to continue investing, he would have to join the investor's club. Mr A was then passed to another business called Currentcoin.net (Y).

Y persuaded Mr A to make further larger payments into the investment to increase the profits he was making. Mr A tells us Y appeared professional and the investment looked genuine, so he continued to make payments as instructed.

Mr A then attempted to make a withdrawal from the investment but Y kept giving more and more reasons why Mr A would have to make further payments before the funds could be released. After making several payments, Mr A realised he had fallen victim to a scam.

Mr A made the following payments from his account with Revolut in relation to the scam:

Date	Payee	Payment Method	Amount
16 November 2022	Binance	Debit Card	£20.00
17 November 2022	Binance	Debit Card	£4,200.00
23 November 2022	Binance	Debit Card	£1,644.85
29 November 2022	Binance	Debit Card	£5,000.00
19 December 2022	Binance	Debit Card	£199,500.00

21 December 2022	Binance	Debit Card	£99,800.00
22 December 2022	Binance	Debit Card	£29,500.00
23 December 2022	Binance	Debit Card	£19,980.00
13 January 2023	Binance	Debit Card	£6,190.00
3 February 2023	Binance	Debit Card	£1,700.00
5 February 2023	Binance	Debit Card	£9,900.00

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

Recovering the payments Mr A made

Mr A 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 A was dealing with X and Y, which were the businesses that instigated the scam. But Mr A didn't make the debit card payments to X and Y directly, he paid a separate cryptocurrency exchange (Binance). This is important because Revolut would only have been able to process chargeback claims against the merchant he paid (Binance), not another party (such as X and Y).

The service provided by Binance would have been to convert or facilitate conversion of Mr A'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 A paid.

Should Revolut have reasonably prevented the payments Mr A made?

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

The first few payments Mr A made in relation to the scam from his Revolut account were of a relatively low value to a legitimate business. So, I don't think it was unreasonable that they didn't trigger Revolut's fraud prevention systems prompting it to step in and question Mr A about the payments he was making.

However, the payments quickly grew in value, and I think the payment Mr A made on 29 December 2022, and the larger payments after this date should have triggered Revolut's fraud prevention systems, and it should have stepped into question Mr A about the payments. But even if Revolut did step in I think it's unlikely it would have uncovered the scam and prevented Mr A's loss.

Mr A opened his account with Revolut as advised by X. The reason he gave for opening the account was "spend and save daily". As Mr A was opening the account on X's instruction to make payments into an investment, I don't think the reason Mr A gave was accurate.

Mr A moved funds from another account in his name at another bank to fund the payments he made from his Revolut account. When he made many of these payments the other bank did step in and questioned Mr A.

Mr A confirmed he was moving money to Revolut as it offered better interest rates. Mr A was asked several times if anyone had asked him to mislead the bank, and that this included giving incorrect reasons for making the payments, and Mr A confirmed he hadn't. In addition to this Mr A confirmed he had not downloaded AnyDesk when he had.

Mr A has since confirmed that he was told by the scammers to give misleading information when he was making payments.

I think it's very unlikely Mr A would have been more honest answering questions if they were posed by Revolut. Mr A was clearly taken in by the scammers and was willing to mislead the banks to get the payments processed. So, even though I think Revolut should have stepped in I don't think it would have been able to uncover the scam that was taking place.

I don't think Revolut missed an opportunity to prevent the scam so it's not responsible for Mr A'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 A to accept or reject my decision before 6 March 2024.

Terry Woodham
Ombudsman