

The complaint

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

Ms K is being represented by a third party. To keep things simple, I will refer to Ms K 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, in December 2022 Ms K found an advert online offering investment services with believable returns. Ms K clicked the link, and it took her to the website of the business weteachacademy. The website appeared to be legitimate with features Ms K would expect to see from a professional site of this nature. Ms K left her contact information and immediately received a call.

Ms K discussed the investment opportunity over the phone and the individual she spoke to offered her the services of a third party that would be able to help her invest. Ms K was required to pay a reasonable fee for this service. The opportunity seemed legitimate, and the individual was very professional, so Ms K agreed and made this payment from an account she held elsewhere.

Ms K was then directed to the business called Nuxtrade (X). Ms K carried out online searches on X and found positive reviews enforcing her initial view that the business was genuine.

X spoke to Ms K and appeared very professional stating it was a start-up company but had customers across the globe. Ms K asked why the company was not registered in the UK, and X was able to answer this question with confidence explaining this meant the company didn't need to be registered in multiple jurisdictions.

X directed Ms K to open an account with it and X gave her access to a professional looking trading platform. X was then in regular contact with Ms K directing her to make multiple investment payments, explaining it would take a commission from the eventual profits.

In February 2023 Ms K wanted to make a withdrawal from the investment. X explained Ms K would need an account with Revolut to make the withdrawal and through the screen sharing application AnyDesk it helped Ms K setup the account. X demonstrated the ease of withdrawing money from the investment by allowing Ms K to withdraw a small amount that credited her Revolut account on 10 February 2023 for £37.81.

Ms K could see her investments steadily growing and X was in constant communication with her building a trusting rapport.

Following the passing of a close family relative Ms K found herself in a position where she

needed additional funds. Ms K spoke about the situation with X and X appeared to be trying to help her.

Using AnyDesk X helped Ms K check her credit report and apply for loans to fund further investments. X told Ms K that she could take profits from her investment each month to cover the loan repayments.

The loans credited Ms K's account at another bank and were then transferred to her Revolut account. X then helped Ms K, via AnyDesk, to transfer funds so they could be invested.

Ms K stopped investing when her other bank refused to send any further payments to her Revolut account.

The following payments were made from Ms K's account with Revolut:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
8 March 2023	Binance	Dedit Card	£9,887
9 March 2023	Xshop.com	Transfer	£9,127
9 March 2023	Xshop.com	Transfer	£19,789
9 March 2023	Xshop.com	Transfer	£18,997

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

Recovering the payments Ms K made

The first payment made in relation to the scam from Ms K's Revolut account was made by 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.

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

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

The remaining payments were made by the method of transfer. When payments are made in this way Revolut has limited options available to it to seek recovery. I can see that Revolut did approach the receiving bank, but no funds remained in the payee's account.

With the above in mind, I don't think Revolut had any reasonable options available to it to recover the payments Ms K made.

Should Revolut have reasonably prevented the payments Ms K made?

Ms K has told us that X helped her make payments and took over her screen on a regular basis. But Ms K has also told us that she could see X answering questions on her behalf when it came to loan applications and when using Revolut's chat facility, so I think it's clear Ms K had given X permission to carry out these tasks on her behalf and therefore that she authorised the payments that were made from her account with Revolut, albeit with X's assistance. So, the starting point here is that Ms K 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 warn Ms K about the payments she was making. And if it had warned Ms K, would it have been able to prevent the scam taking place.

When the first payment was made in relation to the scam by card to the legitimate cryptocurrency exchange Binance, Ms K was required to confirm the payment using her device that was linked to her Revolut account. This confirmation was received by Revolut before the payment was released.

When the second payment was made in relation to the scam by transfer it was stopped by Revolut and Ms K was given warnings and asked a series of questions before the payment was processed.

One of the answers given to Revolut stated "I understand the risk and I am not in contact with anyone, I am just converting digital currencies". This was not correct as the payments were being made as part of the scam and Ms K was in contact with X throughout the process.

Revolut gave several warnings about the payment being potentially linked to a scam, but this did not prevent the payment being processed.

Ms K has told us that X had taken over her screen and was answering the questions posed by Revolut on her behalf. Ms K has also told us that X helped her with loan applications to fund the investment. She had initially given the correct reason of "investment" for the loans, but that X had changed these answers to be "home improvements".

I think it could be argued that Revolut could have given more detailed warnings to Ms K when the payments were made from her account, but I don't think this would have made a difference. Ms K had allowed X access to her devices and trusted X enough to answer important questions in relation to loans and high value payments on her behalf. Even when

X answered questions incorrectly Ms K still allowed loans and payments to be processed without complaint.

I don't think any further intervention by Revolut would have made any difference to the scam continuing. X would likely have simply answered any further questions posed by Revolut incorrectly and the payments would have continued to be made.

So, with the above in mind I don't think Revolut missed an opportunity to prevent the scam, and it is not responsible for Ms K's loss.

Ms K has explained that she thinks Revolut has systems in place to detect when remote access software like AnyDesk is being used, and if it doesn't have these systems, that it should have. It's not for us to tell Revolut what systems it should have in place, but it has confirmed that it did not have a way to tell if remote access software was being used at the time transactions were made from Ms K's account in relation to this scam.

As Revolut did not have such systems I am unable to say they were not working correctly, or that Revolut missed an opportunity to uncover the remote access software using such systems. So, this does not change my decision.

Ms K has also provided the opinion of a fraud expert who has discussed various ways Revolut could have responded to the payments she made more effectively, but again I am looking at what Revolut did and what I think would have happened had it done more. I cannot tell Revolut what processes it should follow when its customers make payments in general as this is not my role, or the role of this service. So these comments don't change my decision either.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 4 April 2024.

Terry Woodham
Ombudsman