

## **The complaint**

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

Mr H is being represented by a third party. To keep things simple, I will refer to Mr H 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 H was interested in investing with Crypto when he received an email about an investment that appeared to be endorsed by a well-known celebrity. The email seemed legitimate, so Mr H clicked on the link to a website where he filled in his personal contact information.]

Mr H then received a call from an individual (X) about the investment. X built up a trusting rapport with Mr H via telephone calls and WhatsApp messages.

As part of the investment Mr H was told to download "admiral Markets" on his device and open an account with Revolut. X helped Mr H open the Revolut account via the screensharing application AnyDesk.

Mr H, as instructed by X made an initial payment into the scam of £4,070 and could see his investment was doing well. Mr H decided to invest further with another £5,000 a short time after.

Mr H then had to make payments in relation to commission to X and other fees relating to the withdrawal process. However, when Mr H made the payments, he was still unable to make a withdrawal.

Mr H spoke to another bank where he held an account and was told it was unusual to have to pay fees to make withdrawals from an investment. It then became clear that Mr H had fallen victim to a scam.

Mr H made the following payments into the scam from using Revolut Debit card:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
14 February 2023	Binance	Debit Card	£4,070
24 February 2023	Binance	Debit Card	£5,000
28 February 2023	Binance	Debit Card	£5,000
28 February 2023	Binance	Debit Card	£1,420
28 February 2023	Binance	Debit Card	£700
28 February 2023	Binance	Debit Card	£5,000
28 February 2023	Binance	Debit Card	£4,000
01 March 2023	Binance	Debit Card	£5,000
01 March 2023	Binance	Debit Card	£5,000
01 March 2023	Binance	Debit Card	£5,000
01 March 2023	Binance	Debit Card	£3,400

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

#### *Recovering the payments Mr H made*

Mr H 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 H was dealing with X, which was the individual that instigated the scam. But Mr H didn't make the debit card payments to X 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).

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

#### *Should Revolut have reasonably prevented the payments Mr H made?*

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

The first payment Mr H made in relation to the scam was for a relatively high amount to a well-known cryptocurrency exchange. I think by the time this payment was made Revolut would have been aware of the elevated risks involved in such payments, and the likelihood of the type of payment being related to a scam. I think Revolut should have provided Mr H with a tailored written warning relevant to cryptocurrency scams. I think it would also have been reasonable for Revolut to provide such a warning for the payments that followed in relation to the scam.

However, I don't think a warning like that explained above would have made a difference.

Mr H has provided a copy of the messages sent between him and X over the time the investment was taking place. On 17 February 2023 X messaged Mr H:

*"Call (other bank) by yourself, Just, tell them to approve the transaction. Don't tell them you have a financial advisor, using any desk and someone is making trades for you or something. Just tell them you are buying Crypto on Revolut and you are keeping it for yourself.*

*Tell them no one is helping you and you are doing everything by yourself, and you need that money on Revolut. Another way they are going to take a lot of time. They will delay the process. But you need to be very straight. "*

X was clearly telling Mr H to deceive the other bank he was making payments from to fund the investment and that given this advice Mr H trusted X and was willing to continue to make payments on the advice given to him by X, sending almost £40,000 into the scam after this conversation took place.

I think it's likely had Mr H received warnings from Revolut when making payments into the investment he would have taken the advice of X and answered any questions Revolut posed to him incorrectly. And, had Mr H looked up the business Admiral Markets he would have also seen this was a legitimate business with good online reviews.

As I think its unlikely an intervention would have uncovered the scam, I don't think Revolut missed an opportunity to prevent the scam, and it is not responsible for Mr H'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 H to accept or reject my decision before 12 April 2024.

Terry Woodham  
**Ombudsman**