

The complaint

Mr A complains that Revolut Limited (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

Mr A was on YouTube when he came across an advertisement for a company offering an investment opportunity, the business was called web.sabrinascal.com (X). As YouTube is a well-known platform Mr A had used in the past, he had confidence that the advertisement was genuine. Even so, Mr A tells us he did further research online where he found good reviews for X further building his confidence that this was a genuine opportunity.

Mr A signed up to the investment site and downloaded an app as requested. Mr A was then assigned an account manager. The website and app appeared very professional and didn't cause Mr A any concerns.

The investment included the use of "bots" to place trades and there was an initial 7-day free trial provided before Mr A was required to purchase bots of different values depending on the investment he wished to make. Mr A was impressed by the returns he made in the free trial period and was able to withdraw his funds so continued with the investment.

Impressed by the investment and the returns he was making Mr A recommended the investment to other people and formed his own investor team. In late October 2022 Mr A asked for a withdrawal of his funds but X told him there would be a £1,000 insurance fee for each user before a withdrawal could be made.

Despite staying in contact with X until December 2022, and X giving further reasons Mr A would need to make further payments, Mr A did not make any further payments and was unable to make a withdrawal.

Mr A made the following payments into the investment via a genuine cryptocurrency exchange:

Date	Payee	Payment Method	Amount
29 August 2022	Binance	Debit Card	£124.19
29 August 2022	Binance	Debit Card	£15.00
29 August 2022	Binance	Debit Card	£93.37
1 September 2022	Binance	Debit Card	£449.86
10 September 2022	Binance	Debit Card	£100.00
15 September 2022	Skrill Ltd	Transfer	£1,136.00
30 September 2022	Skrill Ltd	Transfer	£1,002.00
6 October 2022	Skrill Ltd	Transfer	£1,791.00
7 October 2022	Skrill Ltd	Transfer	£1,791.00
7 October 2022	Skrill Ltd	Transfer	£1,794.00

7 October 2022	Skrill Ltd	Transfer	£1,792.00
7 October 2022	Skrill Ltd	Transfer	£1,237.00
7 October 2022	Skrill Ltd	Transfer	£141.00
10 October 2022	Refund	Transfer	- £469.00
13 October 2022	Skrill Ltd	Transfer	£1,952.00
17 October 2022	Refund	Transfer	- £1,179.50
20 October 2022	Skrill Ltd	Transfer	£1,999.00
23 October 2022	Skrill Ltd	Transfer	£230.00
24 October 2022	Skrill Ltd	Transfer	£1,000.00

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 and the method of transfer.

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, which was the business that instigated the scam. But Mr A didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange. This is important because Revolut was only able to process chargeback claims against the merchant he paid, not another party.

The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Mr A's payments into cryptocurrency. Therefore, it 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 and any chargeback attempt would likely fail.

I have considered if Mr A should have received a refund under the Contingent Reimbursement Model (CRM) code. But the CRM code only applies when domestic payments (as the result of a scam) are sent to another person. Here Mr A sent the payments to an account held in his own name and the scam occurred when his purchased crypto was

moved from that account to the scammer. I'm satisfied the CRM Code wouldn't apply in this scenario.

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

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 in and questioned 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 payments Mr A made into the scam were all for a relatively low amount spread over several weeks to a genuine merchant. Mr A had also previously made payments to cryptocurrency exchanges from his Revolut account before making these payments. So, I wouldn't necessarily have expected Revolut's fraud prevention systems to have been triggered prompting it to step in and have a conversation with Mr A.

However, Revolut's systems did stop the first payment Mr A attempted to make of over £1,000 and gave him online warnings about potential scams. Rather than choose to discuss the payment he was trying to make Mr A cancelled the payment and attempted it again giving a different reason for the payment as "goods or services".

Given the value of the payments and that I wouldn't expect Revolut to provide any human intervention I think the warnings provided by Revolut's system were reasonable. They warned about potential scams and explained that calls, emails and advertisements can seem genuine. But Mr A decided to find another way of processing the payment that wouldn't have caused Revolut the same concerns.

With the above in mind, I think Revolut did what I would have expected in the situation, and it is 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 February 2024.

Terry Woodham
Ombudsman