

## **The complaint**

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

Mr C is being represented by a third party. To keep things simple, I will refer to Mr C 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, at the beginning of December 2022 Mr C was on Snapchat when he received a message from an individual (X). While Mr C had not previously spoken to X he assumed they had mutual friends and the conversation started to flow. X volunteered information about herself including that she lived in Los Angeles and that she had been working for a trading company for several years.

Mr C found he had common interests with X, they shared photos and details of their personal lives and the conversation moved from Snapchat to WhatsApp where it continued.

X discussed her work often and said she worked for Deribit (Y). X appeared knowledgeable and professional and started to discuss potential opportunities Mr C could take advantage of. Mr C searched Y online where he found a professional looking website and encouraging reviews.

X sent Mr C a link for Y's platform which Mr C then followed to setup an account. The account opening process required Mr C to provide identification documents and looked professional throughout. Once the account had been opened Mr C had access to a legitimate looking trading account.

X explained that she would tell Mr C which trades to make which made him more comfortable as by this point, he says he trusted her implicitly as his guide and had no experience trading in cryptocurrency. Both X and Y's online chat facility explained that Mr C would be required to purchase cryptocurrency that would then be transferred to Y's trading platform to trade.

Mr C started making small payments as directed by X and could see he was making a profit. X then persuaded Mr C to make further and further payments in relation to opportunities that would not be around for long, pressuring Mr C into making quicker decisions at the risk of losing out.

The amounts being requested continued to increase along with the pressure being placed on Mr C to make the payments. But as Mr C trusted X he continued to make larger and larger payments as directed.

By the beginning of March 2023 Mr C could see that he had made a substantial profit and

attempted to make a withdrawal. At this time, he was required to make payments in relation to fees but was able to withdraw a small amount. Shortly after making the payments Mr C found he was not able to withdraw his profits and lost contact with X. It was clear at this stage Mr C had fallen victim to a scam.

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

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
22 December 2022	Coinbase	Transfer	£10
23 December 2022	Coinbase	Transfer	£50
24 December 2022	Coinbase		- £10
26 December 2022	Coinbase		- £50
26 December 2022	Coinbase	Debit Card	£550
26 December 2022	Coinbase	Debit Card	£1,000
27 December 2022	Coinbase	Transfer	£1,500
09 January 2023	Coinbase	Transfer	£4,600
09 January 2023	Coinbase	Transfer	£4,300
16 January 2023	Coinbase	Transfer	£13,200
19 January 2023	Coinbase	Transfer	£21,750
19 January 2023	Coinbase	Transfer	£2
25 January 2023	Coinbase	Transfer	£22,009
30 January 2023	Coinbase	Transfer	£43,750
02 February 2023	Foris Dax	Transfer	£1
03 February 2023	Coinbase	Transfer	£73
03 February 2023	Coinbase	Transfer	£450
06 February 2023	Coinbase	Transfer	£44,400
06 February 2023	Coinbase	Transfer	£2,000
08 February 2023	Foris Dax		- £1
16 February 2023	Coinbase	Transfer	£44,401
23 February 2023	Coinbase	Transfer	£1,975
25 February 2023	Coinbase	Transfer	£350
26 February 2023	Coinbase	Transfer	£628.43
27 February 2023	Coinbase	Transfer	£1,250
01 March 2023	Coinbase	Transfer	£3,148
02 March 2023	Coinbase	Transfer	£10
02 March 2023	Coinbase	Transfer	£5,000
02 March 2023	Coinbase	Transfer	£1,000
08 March 2023	Coinbase	Debit Card	£55.60
08 March 2023	Coinbase	Transfer	£4.40
08 March 2023	Coinbase	Transfer	£100
08 March 2023	Coinbase	Transfer	£15
08 March 2023	Coinbase	Transfer	£200
08 March 2023	Coinbase		- £200
08 March 2023	Coinbase	Transfer	£200
08 March 2023	Coinbase		- £200
09 March 2023	Coinbase	Debit Card	£194

Our Investigator considered Mr C's complaint and didn't think it should be upheld. Mr C 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 C has fallen victim to a cruel scam. The evidence provided

by both Mr C and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr C lost due to the scam.

### *Recovering the payments Mr C made*

Mr C made payments into the scam via his debit card and 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 C was dealing with X and Y, which was the business and individual that instigated the scam. But Mr C didn't make the debit card payments to them directly, he paid a separate cryptocurrency exchange (Coinbase/Foris Dax). This is important because Revolut would only have been able to process chargeback claims against the merchant he paid (Coinbase/Foris Dax), not another party (such as X or Y).

The service provided by Coinbase/Foris Dax would have been to convert or facilitate conversion of Mr C'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 Mr C paid.

When payments are made by transfer Revolut has limited recovery options available. It could contact the receiving payee to have any funds that remain in the account refunded. But Mr C was making payments to an account in his own name so any funds that might remain would remain in his control.

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

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

It has been accepted that Mr C authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr C 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 intervened when Mr C made the payments and if it had intervened, would it have been able to prevent the scam taking place.

The first few payments Mr C made in relation to the scam were of relatively low values that I wouldn't expect to have triggered Revolut's fraud prevention systems. So, I am not surprised Revolut didn't intervene.

However, on 9 January 2023 Mr C made two payments. The first payment was for £4,600

and the second was £4,300. By the time Mr C made the second payment he had transferred almost £10,000 in the same day to a known cryptocurrency exchange. I think this should have caused Revolut concerns, and it should have intervened at this stage. Mr C went on to make further large payments that I think should also have caused Revolut concerns, and it should have intervened when those payments were made too.

Even though I think Revolut should have intervened more than it did I don't think this would have made a difference. It's clear from the messages exchanged between Mr C and X, and his explanation of the scam, that Mr C trusted X entirely.

Mr C also started the scam making payments from an account he held at another bank. That bank did intervene, and a conversation took place which I have listened to.

Mr C confirmed during the call that:

- No one was telling him what to do
- He found the investment by doing his own research
- He was making the payments on his own
- He had not been rushed into making the payments
- He was not told investment options were time critical
- He had not clicked in any social media link or advert

The answers Mr C gave during this call were incorrect based on his testimony of how the scam took place. Had Revolut intervened and asked him similar questions, as I think it should have, I think it's most likely he would have given similar incorrect answers which would have made it difficult for Revolut to uncover the scam that was taking place.

With the above in mind, I don't think Revolut missed an opportunity to uncover the scam, so it is not responsible for Mr C'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 C to accept or reject my decision before 26 July 2024.

Terry Woodham  
**Ombudsman**