

## **The complaint**

Ms B complains that Revolut Ltd didn't do enough to protect her from the financial harm caused by an investment scam company, or to help her recover the money once she'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In October 2022, Ms B received a message from a friend's social media account recommending a broker who claimed to work for a company I'll refer to as "U". Believing it to be a genuine investment could help her to make money from investing in cryptocurrency.

She contacted the broker who told her to open a Revolut account and to purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. On 24 October 2022 and 25 October 2022, she made two payments to a cryptocurrency exchange company I'll refer to as "M" totalling £6,000 using a debit card connected to her Revolut account.

On 25 October 2022, Ms B made further attempts to transfer money to M, all of which were unsuccessful. Following the interactions, she had with Revolut concerning the payments, her account was temporarily restricted, and she eventually realised she'd been scammed.

She complained to Revolut with the assistance of a representative who argued the payment activity was highly unusual when compared with the normal operation of the account as Ms B had paid new payee linked to cryptocurrency from a newly opened account. But Revolut refused to refund any of the money she'd lost. It said there was no valid chargeback claim because once a money order is processed, the service is considered provided.

Ms B wasn't satisfied and so she complained to this service and her representative has explained the scam had an adverse effect on Ms B's health and wellbeing, as well as her finances.

Revolut further commented that each of the payments were 3DS authenticated, so it had no reason to stop the payments. And they were received into an account under Ms B's control, so the fraudulent activity didn't occur from Ms B's Revolut account. It said the account was opened on 24 October 2022, so it was difficult to identify them as unusual or outside Ms B's normal spending behaviour. It explained that its customers don't behave in the same way as customers of traditional high street banks and it's not unusual for them to perform high velocity transactions which leave their balance close to zero.

Our investigator didn't think the complaint should be upheld because she didn't think the disputed payments were particularly unusual or suspicious in appearance, so Revolut didn't miss an opportunity to intervene. She explained this was a new account, so there was no transaction history to compare the payments with, and the first payment was low value, so it would have appeared routine.

She accepted the second payment was a higher amount, but she explained it isn't unusual for customers to make occasional larger payments. She also noted there were no warnings about M, and as Ms B didn't speak to or interact with Revolut at the time of the payments, she didn't think it missed an opportunity to identify they were being made in relation to a scam.

She added that even if Revolut had intervened on 25 October 2022, she didn't think it would have made a difference to the outcome because when it did intervene, it didn't uncover the scam.

Ms B has asked for her complaint to be reviewed by an Ombudsman, arguing Revolut should have intervened when she made the second payment as it was a large amount compared to how she normally operated the account.

### **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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Ms B has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I've thought about whether Revolut could have done more to recover Ms B's payments when she reported the scam to it. Chargeback is a voluntary scheme run by Visa whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed. Our role in such cases is not to second-guess Visa's arbitration decision or scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of its cardholder (Ms B).

Ms B's own testimony supports that she used a cryptocurrency exchange to facilitate the transfers to M. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchanges would have been able to evidence they'd done what was asked of them. That is, in exchange for Ms B's payments, they converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Revolut's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

I'm satisfied Ms B authorised the payments for the purposes of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Ms B is presumed liable for the loss in the first instance.

It's not in dispute that this was a scam, but although Ms B didn't intend her money to go to scammers, she did authorise the disputed payments. Revolut is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### ***Prevention***

I've thought about whether Revolut could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However, Revolut ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Ms B when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Revolut to intervene with a view to protecting Ms B from financial harm due to fraud.

The first two payments didn't flag as suspicious on Revolut's systems. Ms B was paying a legitimate cryptocurrency merchant and the account was newly opened, so there was no spending history to compare the payments with. The first payment was low value and wouldn't have been concerning, and I don't think Revolut needed to intervene when Ms B made the second payment. This is because even though the payment was a higher value, the spending behaviour was consistent with the reason given for the opening of the account and as there was no other spending to compare the payment with, I don't think it was suspicious enough to have warranted an intervention.

Revolut did intervene on 25 October 2022, when Ms B tried to make further payments to M, and I'm satisfied the interventions contributed to the discovery that she had been scammed. But if it had intervened when Ms B made the second payment, it would only have been required to provide a written warning and based on the fact Ms B made several attempts to make a further payment notwithstanding relevant scam warnings in the live chats she engaged in, I don't think a written warning when she made the second payment would have made a difference to her decision to go ahead with the payment.

I'm sorry to hear Ms B has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Revolut is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms B to accept or reject my decision before 15 December 2023.

Carolyn Bonnell  
**Ombudsman**