

The complaint

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

Mr M is being represented by a third party. To keep things simple, I will refer to Mr M 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 M came across an article on Facebook for a business called DTC24 (X) which appeared to be endorsed by a well-known celebrity. Interested in the potential opportunity Mr M provided his contact information and received a call from X.

X explained the investment opportunity to Mr M and provided several convincing documents that made Mr M feel the investment was legitimate. After doing some research on X Mr M was persuaded to invest.

Mr M was able to see his investments on a professional looking platform and was persuaded to invest more on the basis he would receive significant returns. Having invested a significant amount Mr M could see he had made returns that were too good to be true. Mr M was unable to make a withdrawal from the investment and realised he had been scammed.

Mr M made the following payments in relation to the scam:

Date	Payee	Payment Method	Amount
9 March 2023	Cro	Debit Card	£5,098.00
9 March 2023	Crypto.com	Debit Card	£4,892.02
29 March 2023	Cro	Debit Card	£2,059.80
29 March 2023	Crypto.com	Debit Card	£2,059.80
29 March 2023	Crypto.com	Debit Card	£2,059.80
29 March 2023	Crypto.com	Debit Card	£2,059.80
29 March 2023	Cro	Debit Card	£751.83
13 April 2023	Crypto.com	Debit Card	£4,119.60
13 April 2023	Cro	Debit Card	£4,119.60
13 April 2023	Cro	Debit Card	£1,750.83
18 April 2023	Crypto.com	Debit Card	£3,089.70
18 April 2023	Crypto.com	Debit Card	£1,929.00
26 April 2023	Crypto.com	Debit Card	£3,089.70
26 April 2023	Cro	Debit Card	£3,089.70
26 April 2023	Cro	Debit Card	£2,059.80
26 April 2023	Cro	Debit Card	£1,719.93
26 April 2023	Cro	Debit Card	£535.55
4 May 2023	Cro	Debit Card	£3,089.70

4 May 2023	Crypto.com	Debit Card	£3,089.70
11 May 2023	Cro	Debit Card	£2,059.80
11 May 2023	Cro	Debit Card	£2,059.80
11 May 2023	Cro	Debit Card	£2,059.80
11 May 2023	Cro	Debit Card	£2,059.80
11 May 2023	Cro	Debit Card	£1,544.85
11 May 2023	Cro	Debit Card	£1,441.86
11 May 2023	Cro	Debit Card	£679.73

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

Recovering the payments Mr M made

Mr M 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 M was dealing with X, which was the business that instigated the scam. But Mr M didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges. This is important because Revolut would only have been able to process chargeback claims against the merchants he paid, not another party (such as X).

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr M'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 M paid.

Should Revolut have reasonably prevented the payments Mr M made?

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

Considering the value of the payments Mr M made in relation to the scam and that the payments were made to known cryptocurrency exchanges I think it would have been reasonable for Revolut to have had concerns from the outset and intervened when Mr M made the first payment. However, I don't think this would have made a difference.

It's clear from the available information that X had built a level of trust with Mr M. Mr M took out several loans to fund the investment and, on each occasion, gave the purpose of the loans as home improvement. Mr M has told us he selected home improvements on each of the loan applications and the reason he selected this option was because 'investment' was not an option.

While I appreciate an option for 'investment' was not available when Mr M applied for the loans he still selected an incorrect reason and was willing to do this on each occasion so that the loan would be approved.

Lenders will not usually lend for investment purposes or for other purposes that were not listed either.

We have also been provided with a copy of the WhatsApp messages Mr M exchanged with X.

On 11 April 2023 Mr M told X that he had been "lying to the banks I am lying to my wife and my entire family".

When asked about this statement Mr M told us that he had not actually lied but instead had not told his wife and family. Mr M said he had also not lied to the bank.

It's clear from the available information that Mr M also spoke to X via phone calls. Unfortunately, I am not able to see the content of these calls but from what I have seen I think it's clear Mr M had a lot of trust in X and was at the very least willing to keep information about the investment from his family. He was also willing to give false information to be approved for several loans.

I don't think Mr M would have been any more honest if Revolut had intervened. Mr M was determined to make the payments and giving dishonest responses would have made it difficult for Revolut to uncover the scam.

Therefore, Revolut is not responsible for Mr M'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 M to accept or reject my decision before 27 September 2024.

Terry Woodham
Ombudsman