

The complaint

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

Mr D is being represented by a third party. To keep things simple, I will refer to Mr D 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 D was looking to move from his family home and saw a suitable property for rent online Via Eightestate Limited (X). Mr D did some research on the company and found it was registered on companies' house, he also checked the company's website that appeared professional and legitimate. The property was also being offered for rent at what appeared to be market value.

Comfortable that X was a genuine business Mr D sent an email enquiry to find out if the property was still available.

X responded to Mr D explaining that the property was still available. Conversations then took place via email and WhatsApp about the process of renting the property. X told Mr D that the property would be rented through Airbnb and that Mr D would have to follow the process on the Airbnb website.

Mr D was then required to send X a deposit to secure the property. X explained he was working overseas and that the funds would need to be sent via TransferGo. Mr D was told to send a smaller payment of £100 first to make sure the transfer went through, before sending the balance.

After making the requested payments Mr D received an email from Airbnb requesting an additional deposit. Mr D questioned X about this and was told a further payment would need to be made, but that this would later be refunded.

Mr D became concerned and contacted Airbnb directly where he was told X was a fraudulent company and he had been scammed.

Below are a list of payments Mr B made in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	23 January 2024	TransferGo	Debit Card	£100
2	23 January 2024	TransferGo	Debit Card	£3,014

Our Investigator considered Mr D's complaint and didn't think it should be upheld. Mr D

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 D has fallen victim to a cruel scam. The evidence provided by both Mr D and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr D lost due to the scam.

Recovering the payments Mr D made

Mr D 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 D was dealing with X, which was the business that instigated the scam. But Mr D didn't make the debit card payments to the scammer directly, he paid a legitimate transfer company. This is important because Revolut was only able to process chargeback claims against the merchant he paid (TransferGo), not another party.

The service provided by TransferGo would have been to facilitate a secure transfer of funds as requested by Mr D. Therefore, TransferGo provided the service that was requested.

The fact that the funds were transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant Mr D paid. As TransferGo provided the requested service to Mr D any chargeback attempt would likely fail.

Should Revolut have reasonably prevented the payments Mr D made?

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

The payments Mr D made in relation to the scam were going to a legitimate business and weren't for a value I would expect to have raised concerns with Revolut. While I accept the value of one of the payments was relatively unusual for the way Mr D usually operated his account it would not be reasonable for me to say that Revolut should intervene every time

one of its customers makes a larger payment to a legitimate business, especially when the size of the payment isn't one I would say should generally cause a concern.

Overall, I don't think it was unreasonable that Revolut didn't intervene when the payments were made, so it didn't miss an opportunity to prevent the scam and it is not responsible for Mr D'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 D to accept or reject my decision before 24 October 2024.

Terry Woodham
Ombudsman