

The complaint

Mrs J complains that Revolut Ltd (Revolut) has refused to refund her the amount she lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs J found an advertisement on Facebook for a business called Expert Financial Solutions Limited (EFSL) offering investments. Mrs J contacted EFSL and after gaining confidence with Mrs J she decided to invest with it.

EFSL told Mrs J that she would need to open an account with the cryptocurrency exchange Wisenex so that she could make her investments. EFSL asked Mrs J to download the screen sharing application AnyDesk so that it could help her with this process which she did.

Mrs J made several payments to Wisenex using her Revolut Visa debit card in several currencies as listed below:

1. 19 November 2021 - £1,167.51
2. 30 November 2021 - £1,183.38
3. 3 December 2021 - 9,920.12 PLN
4. 6 December 2021 - 19,795.67 PLN
5. 6 December 2021 - 10,042.45 PLN
6. 7 December 2021 - 15,198.45 PLN
7. 22 December 2021 - €2,006.55

These funds were then forwarded to EFSL.

EFSL gave Mrs J login details to her account with it where she was able to see her investments increasing in value. But when Mrs J attempted to make a withdrawal from EFSL she was asked to make further payments, and when she declined to make the payments EFSL ceased all communication.

It became clear that Mrs J had fallen victim to a scam, and she was unable to recover any of the funds she had sent to EFSL.

Our Investigator considered Mrs J's complaint but didn't think it should be upheld. Mrs J disagreed. She said Revolut should have done more to prevent the scam taking place.

As Mrs J disagreed 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.

The circumstances of this complaint are not in dispute and the evidence provided by both Mrs J and Resolut set out what happened well. What is in dispute is whether Resolut should refund any of the money Mrs J lost because of this scam.

Resolut was unable to request a chargeback for the payments Mrs J made in relation to this scam.

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.

Mrs J was dealing with EFSL, which was the business that instigated the scam. But Mrs J didn't make the debit card payments to EFSL directly, she paid a separate cryptocurrency exchange (Wisenex). This is important because Resolut was only able to process chargeback claims against the merchant she paid (Wisenex), not another party (such as EFSL).

The service provided by Wisenex.com would have been to convert or facilitate conversion of Mrs J's payments into cryptocurrency. Therefore, Wisenex 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 Mrs J paid. As Wisenex provided the requested service to Mrs J any attempt at a chargeback would likely fail.

Mrs J has accepted she authorised the payments she made to Wisenex, so the starting point here is that Mrs J 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 Resolut should have been aware of the scam and stepped in to prevent the payments Mrs J was making.

Mrs J made payments to Wisenex which was a legitimate cryptocurrency exchange business. So, the business itself would not have been of a concern to Resolut, and payments to the business would be unlikely to trigger Resolut's fraud prevention systems.

The initial payment made by Mrs J was for a reasonably low amount of £1,167.51. While Mrs J had not previously made payments to Wisenex it would not be reasonable for me to suggest Resolut's fraud prevention systems should be triggered every time one of its customers pays a business that they haven't paid before.

The second payment Mrs J made was 11 days after the first, so was not in quick succession. It was also not for a particularly high amount so for the same reasons I wouldn't expect the first payment to have been stopped I wouldn't have expected Resolut's fraud prevention systems to be triggered by this payment either.

Mrs J made a further five payments throughout December 2021 to Wisenex. By the time the third payment was made Mrs J's account had started to show a history of paying Wisenex (a legitimate business) on a regular basis. These payments were also spread across the month of December with only two payments being made on the same day. None of the payments

were of a significant value that I would expect to trigger Resolut's fraud prevention systems.

Mrs J has told us her account had not previously been used to pay cryptocurrency exchanges. But, as explained above, I don't think the payments Mrs J made to Wisenet would reasonably have triggered Resolut's fraud prevention systems, so it was not able to step in and stop this scam from taking place, and I don't think it's responsible for any of Mrs J's loss.

My final decision

I don't uphold this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 6 March 2023.

Terry Woodham
Ombudsman