

The complaint

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

Miss B has previously been represented by a third party, to keep things simple I will refer to Miss B throughout my decision.

What happened

In summary, Miss B was convinced by a friend of hers to invest with a business they were investing with at the time, namely trade-coin (T). As part of the investment process T asked Miss B to open a bank account with Revolut and to download a screen sharing application (AnyDesk) so it could help show her how to carry out her investment.

Miss B made the following payments to the legitimate cryptocurrency exchange Binance via her Revolut debit card:

1. 24 May 2022 - £1,000.00
2. 21 June 2022 - £2,000.00
3. 21 June 2022 - £2,300.00
4. 28 June 2022 - £3,900.00
5. 12 July 2022 - £1,000.00
6. 22 July 2022 - £1,700.00
7. 25 July 2022 - £300.00

The funds were then forwarded to T to make the investments. When Miss B attempted to make a withdrawal from her account with T she was unable to. It was clear that Miss B had fallen victim to a scam, and she has been able to recover any of the money she invested.

Our Investigator considered Miss B's complaint but didn't think Revolut had done anything wrong. As Miss B 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 Miss B and Revolut set out what happened well. What is in dispute is whether Revolut should refund any of the money Miss B has lost because of this scam.

Revolut was unable to attempt a chargeback for the payments Miss B made in relation to this scam to Binance.

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.

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

The service provided by Binance would have been to convert or facilitate conversion of Miss B's payments into cryptocurrency. Therefore, Binance 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 Miss B paid. As Binance provided the requested service to Miss B any chargeback attempt would likely fail.

Miss B has accepted she authorised the payments she made to Binance, so the starting point here is that Miss B 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 stepped in to prevent the payments Miss B was making.

Miss B opened her Revolut account as requested by T. So, the account had no history to compare the payments Miss T was making to. So Revolut would not be able to say the payments being made were out of the ordinary for Miss B.

In any event the payments Miss B made to Binance were individually of values low enough that I wouldn't expect them to trigger Revolut's fraud prevention systems. The business (Binance) Miss B was paying is also a legitimate business so I don't think this would have reasonably caused Revolut concern either.

Although Miss B made several payments to Binance as part of the scam they were spread over the months of May to July with only two payments being made on the same day. So, I don't think the regularity of the payments would have reasonably triggered Revolut's fraud prevention systems either. Miss B also had to confirm each of the payments through the 3D secure system, showing she was the person making the payments.

Overall, as explained above, I don't think it was unreasonable that Revolut's fraud prevention measures were not triggered by any of the payments Miss B made to Binance. So, I don't think it missed an opportunity to step in to prevent the scam, and I don't think it was responsible for any of Miss B's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 20 March 2023.

Terry Woodham

Ombudsman