

The complaint

Miss R complains that Revolut Ltd (Revolut) is refusing 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 Miss R was contacted by a third party called Future Currency Trading (FC) that offered Miss R the opportunity to make an investment with it. Miss R was convinced the opportunity was genuine and agreed to send funds to FC to invest. As part of the scam Miss R was asked to download screen sharing software to her device that gave FC remote access to her device.

Miss R sent FC a total of £51,257 via legitimate cryptocurrency exchanges Coinbase and Binance. £48,157 was sent Via bank transfers to Coinbase and £3,100 was sent Via Miss R's debit card in a single transaction to Binance.

After sending a large amount of money to FC from both her Revolut bank account, and accounts at other banks Miss R was unable to withdraw her funds and it became apparent she had fallen victim to a scam.

Once Miss R told Revolut about the scam it attempted to get the money she had sent via transfer back from the recipient bank, but it had already been moved on. Revolut also said it was unable to process a chargeback claim for the payment Miss R had made on her debit card. So, it was unable to refund the money Miss R had lost.

Our Investigator considered Miss R's complaint but thought Revolut had acted fairly deciding not to refund the money Miss R had lost.

As Miss R disagreed this complaint has now 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.

Revolut was unable to process a chargeback for the debit card payment Miss R made in relation to this scam to Binance for £3,100.

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 R was dealing with FC, which was the business that instigated the scam. But Miss R didn't make the debit card payment to FC 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 FC).

The service provided by Binance would have been to convert or facilitate conversion of Miss R'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 R paid. As Binance provided the requested service to Miss R any chargeback attempt would likely fail.

As explained above Miss R also made payments to FC Via Coinbase totalling £48,157.

Miss R has accepted she authorised the payments she made to Binance and Coinbase, so the starting point here is that Miss R 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. And if it had stepped in, would it have been able to prevent the scam.

Miss R was making reasonably large payments to Coinbase over a relatively short period of time so I think it would have been reasonable for Revolut to have stepped in and had a conversation with her about them. However, I am not persuaded that any such conversation would have uncovered the scam that was taking place.

I say this because before Miss R made payment to FC from her Revolut account she was sending various payments to FC from another of her accounts at a different bank. These payments did trigger the banks fraud prevention systems several times and Miss R had several conversations about these payments with that bank.

Having listened to the calls it's clear the other bank was suspicious about the payments Miss R was making and asked her very direct questions about them.

Miss R told the bank several times that the payments she was making were to an account in her name. She said she had not been in contact with a third party about the payments and had not downloaded any screen sharing software. Payments were stopped several times and every time Miss R gave the same inaccurate information about the payments she was making, despite the other bank warning about scams and even stating that if Miss R had been asked to download screen sharing software that it would be a scam.

With the above in mind, I have no reason to believe Miss R would have given more accurate answers about the payments she was making to Revolut had it stepped in and stopped the payments she was making from the account she held with it.

So, I think its unlikely Revolut would have picked up on the scam had it asked Miss R questions about the payments she was making.

I don't think Revolut missed an opportunity to prevent the scam from taking place and I don't think it would be reasonable to ask it to refund any of the money Miss R lost because of this scam.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 31 March 2023.

Terry Woodham
Ombudsman