

The complaint

Ms J complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

Ms J is being represented by a third party. To keep things simple, I will refer to Ms J 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, Ms J received a refund from a business that was managing some of her funds in May 2021. Shortly after receiving the refund Ms J was approached by several businesses offering their investment services.

One of the businesses that approached Ms J was called IGFB (X). X offered Ms J a secure investment in cryptocurrency that promised high returns. Persuaded X was a genuine business Ms J decided to make an investment.

After making several payments Ms J was approached by another business called OCTAR (Y) offering the same services as X. Y appeared genuine and persuaded Ms J to invest with it as well.

Ms J was able to see her investments with both businesses via online platforms which appeared legitimate.

Ms J made payments to X and Y using her debit card through various cryptocurrency exchanges as listed below:

1.	26 May 2021	£50,000	Binance
2.	21 July 2021	£5,362.58	Moonpay
3.	27 July 2021	£3,004.07	Moonpay
4.	30 July 2021	£5,040.81	Moonpay
5.	30 July 2021	£3,753.81	Moonpay
6.	30 July 2021	£3,000	Banxa
7.	19 August 2021	£5,000	Banxa
8.	26 August 2021	£1,700	Gaurdian
9.	28 August 2021	£1,700	Gaurdian
10.	28 August 2021	£1,700	Gaurdian

However, despite requesting withdrawals from the accounts she held with X and Y she did not receive any funds and it became clear Ms J had fallen victim to a scam.

Our Investigator considered Ms J's complaint but didn't think it should be upheld. Ms J 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.

The only option available to Revolut to recover the funds Ms J lost would be via the chargeback scheme.

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.

Ms J was dealing with X and Y, which were the businesses that instigated the scams. But Ms J didn't make the debit card payments to the scammers directly, she paid separate cryptocurrency exchanges (Binance, Moonpay, Banxa and Guardian). This is important because Revolut was only able to process chargeback claims against the merchants she paid (Binance, Moonpay, Banxa and Guardian), not another party.

The service provided by Binance, Moonpay, Banxa and Guardian would have been to convert or facilitate conversion of Ms J's payments into cryptocurrency. Therefore, Binance, Moonpay, Banxa and Guardian 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 Mrs M paid. As Binance, Moonpay, Banxa and Guardian provided the requested service to Ms J any chargeback attempt would likely fail.

Ms J has accepted she authorised the payments she made to Binance, Moonpay, Banxa and Guardian, so the starting point here is that Ms 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 Revolut should have stepped in when Ms J was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

The initial payment made by Ms J was for the sum of £50,000 which Ms J has argued is significant and irregular when compared to her normal account activity. So Revolut should have stepped in to stop the payment.

I have thought about what Ms J has told us but, in the months, leading up to the payments Ms J made in relation to the scam she also made other larger payments from her account. Payments included a payment of over £45,000 in March 2021, followed in April by two payments of £10,000 on the same day, and a payment of £5,000 in April 2021. While I appreciate these payments were not in relation to cryptocurrency, I think they show it was not unusual for Ms J to make large payments (some in the same day) from her account. So, I don't think it was unreasonable that Revolut's fraud prevention systems didn't pick up on unusual activity taking place on Ms J's account when she made the payments related to the scam.

As I think it was reasonable that Revolut's fraud prevention systems were not triggered by the payments I don't think it missed an opportunity to step in and prevent the scam. So, it does not have to refund any of the payments Ms J made.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms J to accept or reject my decision before 12 May 2023.

Terry Woodham
Ombudsman