

The complaint

Mr I complains that Revolut Ltd refuses to refund the money he lost to an investment scam.

Mr I is represented by a third party, for ease of reading, I'll refer to him alone in this decision.

What happened

Mr I has explained that in 2021 he made payments from his Revolut account to fund what he thought was a legitimate investment with a company that turned out to be a scam.

Mr I first sent his payments to a crypto exchange, bought crypto and subsequently sent it onto the scammer. The relevant payments ('the scam payments') made from Mr I's newly opened Revolut current account are listed below.

Payment number	Date	Description	Method of payment	Amount (£)
1	19/07/2021	Moonpay Ltd	Bank transfer	£2,490
2	24/09/2021	Moonpay Ltd	Debit card	£2,508.15
Total				£4,998.15

Mr I got in touch with Revolut on 2 November 2021 to request a recall of the scam payments. Revolut ultimately didn't reimburse him.

Remaining unhappy, Mr I referred his complaint about Revolut to this service. As our Investigator was unable to resolve the matter informally, the case has been passed to me for a decision.

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.

Having done so, I don't uphold this complaint and I'll explain why.

Whilst Mr I has made reference to the Contingent Reimbursement Model (CRM) Code, this only applies to domestic bank transfer payments to another person. Here Mr I sent payment 1 to a Moonpay account that would have been held in his name and then from there, sent the purchased crypto to the scammer. So in this case, payment 1 was not sent to 'another person'. Payment 2 was of course a debit card payment which isn't covered. The CRM Code is therefore not applicable to Mr I's complaint, so I've gone onto consider whether Revolut ought to have reasonably suspected Mr I was at risk of financial harm from fraud.

Prevention

It's common ground that Mr I authorised the scam payments in question here. He was tricked by scammers into instructing Revolut to make the payments. So although Mr I didn't intend the money to go to scammers, under the Payment Services Regulations and the terms and conditions of his account, Mr I is presumed liable for his loss in the first instance.

Mr I didn't pay the scammers directly and instead paid a legitimate company, so I don't think the payee alone ought to have caused particular concern to Revolut. That said, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for a Payment Service Provider (in this case Revolut) to take additional steps or make additional checks before processing a payment to help protect its customers from the possibility of financial harm from fraud and scams. But there is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

In terms of prevention, given the size of payment 1 and that Mr I's Revolut account had been newly opened at the point of that payment, I'm not persuaded there would have been anything sufficiently suspicious about this transaction for Revolut to have been obliged to block the payment pending enquiries with Mr I before letting it through. Revolut had no genuine regular spend to compare this payment to and as it was a one-off payment, to a legitimate crypto provider, of not a particularly large amount, I don't think Revolut ought to have been reasonably concerned.

Payment 1 was made two months apart from payment 2 and payment 2 was of a similar amount to payment 1, so I don't think payment 2 appeared particularly unusual.

I don't think - when taken individually or collectively - that the scam payments ought to have caused Revolut enough concern to have reasonably suspected Mr I may be the victim of fraud or a scam. I don't think the scam payments were unusual enough when considering the lack of account activity and value of the individual payments. I also don't think the time and space between the two payments is reasonably indicative of a scam as you may commonly expect more frequent payments.

As I don't think Revolut ought to have blocked the scam payments before allowing them through, I don't need to consider how Mr I may or may not have responded to a warning from Revolut.

Recovery

Having decided the above, I could only uphold this complaint if I thought Revolut unreasonably hindered recovery of the funds and that this caused Mr I's loss.

I can see Revolut attempted to recover payment 1 from the beneficiary bank promptly. But the beneficiary bank replied to say that the end customer had spent the funds. I think this was to be expected as it isn't disputed that crypto was purchased from Moonpay before being sent to the scam wallet.

In relation to payment 2, Revolut's only recovery option would have been to process a chargeback claim.

The chargeback process is voluntary and run by the card scheme – in this case Mastercard - whereby it will ultimately arbitrate on a dispute between the merchant and customer if it cannot be resolved between them after two 'presentments'. Such arbitration is subject to the rules of the scheme — so there are limited grounds on which a chargeback can succeed or be deemed a 'valid claim'.

Our role in such cases is not to second-guess the card scheme rules, but to determine whether the regulated card issuer (i.e. Revolut) acted fairly and reasonably when presenting (or choosing not to present) a chargeback on behalf of Mr I.

I've seen that Revolut considered processing a chargeback claim for Mr I but ultimately decided it had no grounds to do so. As Mr I didn't pay the scammers directly and instead paid Moonpay, his payment would have been converted to crypto before being sent to the wallet of his choosing (albeit completed under the guidance of the scammer). I therefore think Moonpay would have likely defended any chargeback claim on the basis that Mr I received the service he paid for. But before a chargeback claim can be defended, Revolut would need to have valid grounds to process any claim and it doesn't appear it would have had any because there is no dispute Mr I received crypto in exchange for his payment. And so, I don't think Revolut acted unfairly by choosing not to raise chargeback claims on Mr I's behalf.

I therefore don't think Revolut could have recovered any of Mr I's payments.

I appreciate this will be a disappointment to Mr I, not least because he sold his car to fund payments to the scammer. But for the reasons I've explained, I don't think Revolut is responsible for his loss.

My final decision

My final decision is, despite my natural sympathy for Mr I's loss, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 April 2023.

Dolores Njemanze
Ombudsman