

The complaint

Mr K complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

Mr K is being represented by a third party. To keep things simple I will refer to Mr K 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 Mr K found an advertisement for a business called Lyndon Finance LTD (X) offering investment opportunities. After researching online and finding positive reviews about X Mr K completed a form with his contact information. Within 24 hours Mr K received a call from X explaining the investment opportunities available.

X convinced Mr K that the investment opportunity was legitimate and walked him through the different processes involved in setting up an account with it using screen sharing software.

Mr K started by making a small deposit to X and after a short while X convinced him that any deposits he made into investments with it would have to be carried out using cryptocurrency exchanges. Which Mr K agreed with.

Mr K has told us X was very convincing, the website looked legitimate, and he was able to track his investments.

However, When Mr K tried to make a withdrawal from his investment, he was asked to make further deposits to cover interest payments and commissions. X continued to be very persuasive providing official looking paperwork to support its requests which Mr K also agreed to.

Most of the payments Mr K made to X were made from other accounts at other banks but Mr K made the following payments using his Revolut debit card via the legitimate cryptocurrency exchanges Wisenex and Wallbitex:

1. 8 February 2022 - Wisenex - €3,320.10
2. 15 February 2022 - Wisenex - €4,875.15
3. 23 February 2022 - Wallbitex - €2,398.20

After Mr K made his final payment to X it stopped all communication with him, and he has been unable to recover any of the payments he made to it.

Our Investigator considered Mr K's complaint but didn't think it should be upheld. Mr K 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.

Revolut was unable to process a chargeback for the payments Mr K made in relation to this scam to Wisenex and Wallbitex.

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.

Mr K was dealing with X, which was the business that instigated the scam. But Mr K didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges (Wisenex and Wallbitex). This is important because Revolut was only able to process chargeback claims against the merchants he paid (Wisenex and Wallbitex), not another party (such as X).

The service provided by Wisenex and Wallbitex would have been to convert or facilitate conversion of Mr K's payments into cryptocurrency. Therefore, Wisenex and Wallbitex 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 Mr K paid. As Wisenex and Wallbitex provided the requested service to Mr K any chargeback attempt would likely fail.

Mr K has accepted he authorised the payments he made to Wisenex and Wallbitex, so the starting point here is that Mr K 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 Mr K was making.

Mr K had recently opened his Revolut bank account, so a usual spending pattern had not been established by the time he made payments into the scam. With this in mind I think it's reasonable the Revolut didn't have anything to compare Mr K's payments to.

While I can appreciate Mr K had not previously made payments to the merchants he paid in relation to this scam, the payments he made were for relatively low amounts and spaced apart by around a week, to legitimate businesses. It would not be reasonable of me to suggest that Revolut should step in every time one of its customers makes a payment to a new business.

I don't think the payments Mr K made would reasonably have triggered Revolut's fraud prevention systems. So, I don't think Revolut missed an opportunity to step in and prevent the scam from taking place.

Revolut is not responsible for Mr K's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 18 April 2023.

Terry Woodham
Ombudsman