

The complaint and background

Mr S complains that Revolut Ltd won't refund money lost when he fell victim to an investment scam. For the purposes of this decision, reference to Mr S includes the submissions of his professional representative.

Where the particulars of the complaint are well known to both parties, I won't detail them again here. Rather, I'll focus on setting out the key reasons for my decision. I hope Mr S and Revolut won't take this as a discourtesy; it's just a reflection of the informal nature of our service.

In short, the complaint concerns three payments Mr S made in January 2022 to what he thought was an investment opportunity. He made the following card payments to Binance, an online cryptocurrency exchange platform which converts fiat currency to crypto: £1,600 on 12 January 2022, and £2,000 and £1,000 on 14 January 2022. Once Binance converted Mr S's money to crypto, he then sent the funds onwards to what he believed was an online platform where he could invest to make a profit. However, later on in 2022, Mr S realised he'd been scammed and the money was lost once transferred onwards from Binance.

Mr S raised a complaint with Revolut, citing that it ought to have protected him from being scammed. Revolut did not agree, countering that Mr S had only opened his account the same month he made the disputed payments, meaning that it could not reasonably identify that Mr S was being defrauded when instructing the three transactions. Revolut also explained that Mr S had reported the events too late to raise a chargeback claim (the relevant recourse method for the card payments). Overall, Revolut did not uphold the complaint or offer a refund of any sort.

Mr S brought the dispute to our service and one of our investigators concluded that Revolut could not fairly be required to refund the payments. Because Mr S disagrees, the matter has been escalated 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.

Having considered everything carefully, I've reached the same outcome as our investigator – and fundamentally for the same reasons. I know my decision will be disappointing for Mr S. This is a finely balanced case and I'd like to assure him that I've duly considered everything that's been provided. Including, the vulnerabilities that he has described to this service.

But based on the evidence, I'm not persuaded that Revolut ought to refund the disputed transactions on account of the following:

- It's common ground between the parties that Mr S authorised these payments. Accordingly, I've considered what the payments being authorised means in the circumstances of this complaint, taking into account the law, regulator's rules and guidance, relevant codes and standards and what I consider to have been good industry practice at the time.
- In summary, Revolut has a responsibility to monitor accounts and payments made to, amongst other things, prevent fraud and scams. And it should have systems in place to look out for unusual transactions or other signs that might indicate its customers are at risk of fraud. So, in the individual circumstances of this case, I've considered whether Revolut should have deemed these transactions as being so unusual or uncharacteristic that it ought to have given it sufficient grounds for suspecting fraud.
- In fairness, the first thing I must bear in mind is that Mr S hadn't been with Revolut for long at all before making these payments – he had only held a relationship with it for a little over two weeks. During which, there were no payments out of the account that I can see. The lack of information and history of expenditure naturally limited the amount of data that Revolut had to accurately gauge Mr S's usual spending pattern.
- To put it another way, it's logical to me that having very little (if any) intel to monitor and learn from would make it innately difficult to construct an accurate pattern from which Revolut could use to look for potentially risky transactions. Besides, as far as I'm reasonably aware, Mr S opened this Revolut account for precisely this reason – to credit money into the account in order to remit money out. This is how he continued to operate once these three transactions were made, using his holding with Revolut to pay money for a variety of different reasons. This is very common given the nature of the account – its main purpose is a means to send and receive funds.
- This is significant when considering whether Revolut ought to have taken steps to intervene and question the payments in contention; the regulatory landscape, along with good industry practice, sets out a requirement for account providers to protect their customers from fraud and financial harm. Still, while the relevant obligations are designed to protect consumers, they are also in place to ensure that providers like Revolut provide services without undue delay. Consequently, there is a balance to be struck between providers identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.
- The transactions here are not for such sizeable amounts that I'd necessarily expect Revolut to question them. Particularly, as these types of accounts are often used for card payments, in a manner in keeping with how Mr S's payments would have looked to Revolut. What's more, I'm not persuaded that there was anything else about the payments that should have made them seem overly unusual either. I must consider that consumers are able to use their accounts to make purchases and send money for a variety of different reasons; this is a matter for their discretion.
- Mr S submits that a new payee (i.e. setting up a payment to send money to Binance for the first time) should have been enough to have triggered Revolut to take action. I'm afraid I don't agree with Mr S. As I've already explained, Revolut does have responsibilities when it comes to transaction monitoring. But I'm not satisfied that, on its own, the creation of a new payee is enough to indicate uncharacteristic activity and warrant intervention. Indeed, the nature of a new account is that it would be expected that a number of different payment destinations would be remitted to in the first few months.

- I turn next to Mr S's argument that Revolut ought to have recognised these payments were going to a cryptocurrency related merchant, and that Binance is well known for being affiliated and used in connection with fraud and scams. It's important to note that, on the basis of the available evidence, there is no suggestion that Binance was complicit in this scam, other than to facilitate the conversion of fiat currency to crypto.
- I've thought intently about the fact that these payments were made to a cryptocurrency provider. Not least, as it's true that scams involving cryptocurrency are becoming increasingly prevalent and well known within the payments industry. Still, at the time these payments were made, I think it was reasonable for Revolut to take into account a range of factors when deciding whether to make further enquiries of its customer about a particular payment or set of transactions. Here, it's my judgment that the pattern of payments was not a strong enough indicator of fraud and their values did not signify a heightened risk of financial harm. So, in this particular case, I do not find it unreasonable that Revolut did not view the payments as attracting suspicion.
- Finally, once made aware of Mr S's loss, Revolut ought to attempt to try and recoup what was paid where feasible. However, Mr S used his debit card to pay a legitimate cryptocurrency exchange platform before the funds were subsequently transferred on to the scammer. Meaning that he wouldn't be able to make a successful chargeback claim in these circumstances, because the service would be considered provided (i.e. the purchase of cryptocurrency). Also, it would appear that the claim was submitted outside of the relevant timescales, according to the card scheme's criteria. Therefore, either way, I do not think Revolut has acted unreasonably in respect of chargeback.
- In conclusion, I have a great deal of sympathy with Mr S being the victim of what was clearly a cruel scam. Even so, it would only be fair for me to direct Revolut to refund his loss if I thought Revolut was responsible – and I'm not persuaded that this was the case here. Everything considered, I cannot fairly and reasonably hold Revolut liable in these circumstances.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 October 2023.

Matthew Belcher
Ombudsman