

The complaint

Mr M complains that Revolut Ltd (Revolut) is refusing to refund him the amount he 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, Mr M tells us he was contacted by an individual (X) impersonating a representative of his bank. X told him his account was being hacked and to keep it safe he should move his funds to another account.

X had personal information about Mr M including his address. Concerned about the safety of his funds Mr M agreed to move his funds to another account. Mr M downloaded the screen sharing application AnyDesk and X guided him through how to move the funds to his Revolut account.

Several payments were then made from Mr M's Revolut account. Mr M has told us these payments were part of a scam and although he authorised the payments, he has not benefitted from them.

Mr M tells us the following payments were part of the scam:

Date	Merchant	Payment Method	Amount
2 November 2022	Apple	Debit Card	£899.99
2 November 2022	Back Market Uk Ltd	Debit Card	£744.64
2 November 2022	Apple	Debit Card	£849.00

Mr M has not been able to recover any of his lost funds.

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

It has not been disputed that Mr M has fallen victim to a cruel scam. The evidence provided by both Mr M and Revolut sets out what happened. What is in dispute is whether Revolut should refund the money Mr M lost due to the scam.

Recovering the payments Mr M made

The payments were made into the scam via Mr M's debit card. When payments are made by card the only recovery option Revolut has is to request a chargeback.

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 M was dealing with X, which was the person that instigated the scam. But the payments were not sent to X directly instead they were sent to other legitimate businesses. This is important because Revolut would only have been able to process chargeback claims against the merchants Mr M paid, not another party.

For each of these payments it is likely the legitimate business that received the payments provided goods or services in exchange. Therefore, as they provided the goods/services that was requested a chargeback claim against the businesses that received the payments would likely fail.

So I don't think Revolut had any reasonable recovery options available to it for the payments that were made.

Should Revolut have reasonably prevented the payments Mr M made?

It has been accepted that Mr M authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr M 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 questioned Mr M about the payments he was making.

The three payments made in relation to this scam were authorised by Mr M and were made to legitimate businesses. None of the payments were of a value high enough that I would have expected Revolut's fraud prevention systems to have been triggered prompting it to step in and stop the payments being processed.

I think it was reasonable that the payments made into the scam were not stopped by Revolut and it is not responsible for Mr M'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 M to accept or reject my decision before 4 January 2024.

Terry Woodham
Ombudsman