

The complaint

Miss Z complains that Revolut Limited (Revolut) is refusing to refund her the amount she lost as the result of a scam.

Miss Z is being represented by a third party. To keep things simple, I will refer to Miss Z throughout my decision.

What happened

Miss Z found an advert on Facebook for a company called Malpark Limited Company (X), about how to make money from investments. Miss Z took an interest in the advert and completed an online data capture form with her contact information.

X called Miss Z and appeared very professional. It also directed Miss Z to its website that looked legitimate and gave Miss Z further confidence that it was a legitimate business. In addition to this Miss Z was able to see that X was registered at companies house.

After agreeing to make a small investment which was successful, X convinced Miss Z to make larger investments. X explained larger investments would need to be made via a cryptocurrency exchange (Wisensex). As Miss Z was not familiar with this type of payment X helped her with the payments via the screensharing application AnyDesk.

Money was moved from savings and Miss Z's credit card to fund the investment through her Wisensex account.

After making several payments into the scam Miss Z applied for another credit card to fund the investment further. While waiting for the investment Miss Z discovered that X may have spoofed another similar business. Miss Z then tried to withdraw funds from her investment but was unsuccessful. At this point Miss Z realised she had fallen victim to a scam.

Miss Z made the following payments into the scam:

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Payment Method</u>
25 May 2022	Wisensex	£1,113.56	Debit Card
27 May 2022	Wisensex	£3,011.76	Debit Card
2 June 2022	Wisensex	£2,256.32	Debit Card
2 June 2022	Wisensex	£4,277.76	Debit Card

Unfortunately, Miss Z has not been able to recover any of the payments she made.

Our Investigator considered Miss Z's complaint but didn't think it should be upheld. Miss Z 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 Miss Z has fallen victim to a cruel scam. The evidence provided by both Miss Z and Revolut sets out what happened clearly. What is in dispute is whether Revolut should refund the money Miss Z lost due to the scam.

Recovering the payments Miss Z made

When payments are made by debit card the only recovery option Revolut have is to raise a chargeback. Revolut did ask Miss Z to contact it so this option could be explored but Miss Z did not contact it.

In any event it's unlikely a chargeback would have been successful.

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.

Miss Z was dealing with X, which was the business that instigated the scam. But Miss Z didn't make the debit card payments to the scammer directly, she paid a separate cryptocurrency exchange (Wisenex). This is important because Revolut was only able to process chargeback claims against the merchant she paid (Wisenex), not another party.

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

Should Revolut have reasonably prevented the payments Miss Z made?

Miss Z has accepted she authorised the payments she made to Wisenex, so the starting point here is that Miss Z 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 Miss Z was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

Miss Z had recently opened her account with Revolut so it had no history to compare Miss Z's usual spending to. Miss Z was also making payments to a legitimate business (Wisenex). While Miss Z made two payments in the same day that combined came to a significant value, she had already made two previous payments to the same business by this point without complaint and was beginning to build a history of how she was likely to use her new account with Revolut.

With the above in mind, I don't think the payments Miss Z was making from her account with Revolut would have been considered unusual or reasonably triggered Revolut's fraud

prevention systems. So, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Miss Z's loss.

My final decision

I don't uphold this complaint.

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

Terry Woodham
Ombudsman