

The complaint

Mr T complains that his bank, Revolut Ltd (Revolut) has refused to refund the money he has lost following him falling victim to 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 T was interested in investing in cryptocurrency and researched a business named Hubblebit (X) online. After speaking to X Mr T made an initial investment. Mr T was in constant communication with X and was persuaded to make further investments with it to achieve larger profits.

For X to help guide Mr T through the process of investing it had him download the screen sharing application AnyDesk.

When Mr T attempted to make a withdrawal from the investment, he was told that he would need to open an account with a business called Coinjar and make a deposit into the Coinjar account equal to the amount he was attempting to withdraw. Thinking he was the only person with access to his Coinjar account Mr T agreed to make the deposit, but the scammer also had access to his account and was able to transfer these funds to his account with X without his knowledge.

Mr T made the following payments in relation to the scam:

Date	Payee	Amount	Payment Method
28 April 2022	Wisenex Crypto-exchange	£2,507.56	Debit Card
10 May 2022	Coinjar UK Limited	£5.00	Debit Card
11 May 2022	Wisenex Crypto-exchange	£2,496.45	Debit Card
11 May 2022	Coinjar UK Limited	£10.00	Refund
11 May 2022	Coinjar UK Limited	£90.00	Refund
31 May 2022	Coinjar UK Limited	£133.46	Refund
12 July 2022	Coinjar UK Limited	£5,000	Debit Card

After not being able to make a withdrawal Mr T realised he had fallen victim to a scam, and despite attempts to contact X he has been unable to recover any further funds.

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

Revolut should refund the funds Mr T lost due to the scam.

Recovering the payments Mr T made

Mr T made payments into the scam via his debit card. Although Mr T didn't make these payments to X directly, instead he made the payments to the cryptocurrency exchanges Wisenex and Coinjar.

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

The service provided by Wisenex and Coinjar would have been to convert or facilitate conversion of Mr T's payments into cryptocurrency. Therefore, Wisenex and Coinjar 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 Mr T paid. As Wisenex and Coinjar provided the requested service to Mr T any chargeback attempt would likely fail.

Should Revolut have reasonably prevented the payments Mr T made?

It has been accepted that Mr T authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr T 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 from being made.

The payments Mr T made into the scam were all for a relatively low amounts to legitimate cryptocurrency exchanges. While the final payment Mr T made of £5,000 was higher than the other payments he had made, he had made a previous legitimate payment from his account of a similar value so I don't think the larger payment would have appeared unusual, and I don't think any of the payments would have caused Revolut to have concerns.

With the above in mind, I don't think it was unreasonable that Revolut's fraud prevention systems were not triggered by any of the payments, and that Revolut didn't step in to prevent the scam taking place. Revolut is therefore not responsible for Mr T'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 T to accept or reject my decision before 12 July 2023.

Terry Woodham
Ombudsman