

The complaint

Mr I complains that Revolut Ltd (Revolut) has refused to refund the money he has lost following him falling victim to two scams.

Mr I is being represented by a third party. To keep things simple, I will refer to Mr I 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.

Scam 1

In June 2020 Mr I was searching for investment opportunities online when he came across a business called INVCENTRE (X). Mr I completed an online data capture form and sent X copies of his identification documents as requested. Mr I also sent X a payment for the "start-up fee" from another bank.

X contacted Mr I and persuaded by X's professional approach Mr I decided to start investing. Mr I also downloaded the screensharing application AnyDesk as directed by X so that it could help him with his investment.

Mr I was provided with login details and was able to see his investment on a professional looking platform. Payments to this point had been made from another of Mr I's accounts at a different bank.

X persuaded Mr I to open accounts with several cryptocurrency exchanges and explained to Mr I payments into the investments would have to be made through them. X then helped Mr I control these accounts, again by using AnyDesk.

In October 2020 Mr I was taken ill and required hospital care for several months. He was therefore unable to trade.

In May 2021 X contacted Mr I again explaining a new account manager had taken over his account. Persuaded again that X was genuine Mr I continued to make payments into investments with it.

In July 2021 X advised Mr I to open an account with Revolut as it was easier to make foreign payments from. Mr I did as requested and started to make payments into the investment as requested by X.

Mr I requested a withdrawal from his investment several times but each time X persuaded Mr I that the more he had invested the higher his profits were likely to be.

Mr I then made a large payment into his crypto wallet of more than £50,000. Mr I was able to see that X had accessed the account and withdrawn the funds, yet when Mr I asked X to return the money X requested even further funds and Mr I realised he had fallen victim to a

scam.

Scam 2

Part way through the investment with X Mr I decided he wanted to try investing with a separate company. He did this as he was unable to make withdrawals from scam 1.

Around May 2021 Mr I started to invest with a separate business Blue-Print Capital (Y). Y had contacted Mr I out of the blue explaining it received his information after he had signed up to different cryptocurrency exchanges.

Mr I provided identification documents to Y as he had X previously, and started trading with it. Mr I was initially able to see profits in his account with Y but these soon started to fall. After several conversations with Y it explained it had made a mistake and credited Mr I's account with some funds.

Mr I's account started making a profit again but soon the balance of the account deteriorated. Mr I attempted to close his account with Y but was unable to contact it. Soon after Mr I received an email explaining the account had been closed and he realised he had fallen victim to a second scam.

Mr I made the following payments from his account with Revolut:

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Payment Method</u>
14 July 2021	Global Dlt Exchange	£4,251.31	Debit Card
15 July 2021	Global Dlt Exchange	£2,123.08	Debit Card
21 July 2021	Bitnomics	£855.00	Debit Card
21 July 2021	Bitnomics	£200.00	Debit Card
27 July 2021	Bitnomics	£435.00	Debit Card
29 July 2021	Bitnomics	£400.00	Debit Card
31 July 2021	Bitnomics	£400.00	Debit Card
18 August 2021	Bitnomics	£600.00	Debit Card
2 September 2021	Coinbase	£180.00	Debit Card
14 September 2021	Kraken Exchange	£1,277.94	Debit Card
14 September 2021	Kraken Exchange	£195.96	Debit Card
30 November 2021	Bitnomics	£2,100.00	Debit Card

Mr I has not able to recover any of the funds he sent to either scam.

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

Recovering the payments Mr I made

The only method of recovery Revolut has for payments made by card is to request a

chargeback. But Revolut was unable to process a chargeback for the payments Mr I made in relation to this scam to the various cryptocurrency exchanges.

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 I was dealing with X and Y, which were the businesses that instigated the scams. But Mr I didn't make the debit card payments to the scammers directly, he paid separate cryptocurrency exchanges. This is important because Revolut was only able to process chargeback claims against the merchants Mr I paid, not another party.

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr I's payments into cryptocurrency. Therefore, they provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammers – doesn't give rise to a valid chargeback claim against the merchants Mr I paid. As the cryptocurrency exchanges provided the requested service to Mr I any chargeback attempt would likely fail.

Should Revolut have reasonably prevented the payments Mr I made?

Mr I has accepted he authorised the payments that were made from his account with Revolut, albeit on X and Y's instructions. So, the starting point here is that Mr I 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.

Mr I's Revolut account was a new account with no payment history, so Revolut had no history of the account to decide what would have been unusual spending for Mr I.

I have looked at the payments Mr I made from his Revolut account. The value of the payments were not significantly high, and although there were some smaller payments made in the same day on two occasions, they were made to what appear to have been legitimate businesses over a five month period, with no complaint from Mr I.

Overall, I don't think it was unreasonable that Revolut's fraud prevention systems were not triggered by any of the payments Mr I made. Therefore, Revolut is not responsible for any of Mr I'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 I to accept or reject my decision before 26 July 2023.

Terry Woodham
Ombudsman