

## The complaint

Mr B 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, around May 2022 Mr B was in communication with a business called National Trade Center (X). Mr B carried out his own research on X and found good reviews online. Mr B also found some bad reviews but thought they may have been from disgruntled customers who had legitimately lost money after making bad investment choices.

Mr B made multiple payments into the investment and could see via the trading platform provided by X that he was making a reasonable profit. Mr B was also able to make some small withdrawals adding to his belief that he was dealing with a genuine business.

Mr B made the following payments into the scam via genuine cryptocurrency exchanges using his Revolut debit card:

| Date           | Payee      | Amount      |
|----------------|------------|-------------|
| 16 May 2022    | Mercury.io | £993.50     |
| 17 May 2022    | Binance    | £25,000.00  |
| 20 May 2022    | Credit     | - £1,590.93 |
| 30 May 2022    | Credit     | - £4,694.22 |
| 15 June 2022   | Binance    | £45,000.00  |
| 15 June 2022   | Binance    | £45,000.00  |
| 22 July 2022   | Binance    | £4,500.00   |
| 23 July 2022   | Credit     | - £4,374.81 |
| 11 August 2022 | Credit     | - £4,051.02 |

Mr B realised he had fallen victim to a scam when he attempted to make a withdrawal from the scam that was unsuccessful.

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

### *Recovering the payments Mr B made*

Mr B made payments into the scam via his 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 B was dealing with X, which was the business that instigated the scam. But Mr B didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges. This is important because Revolut would only have been able to process chargeback claims against the merchants he paid, not another party (such as X).

The service provided by the cryptocurrency exchanges would have been to convert or facilitate conversion of Mr B'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 scammer – doesn't give rise to a valid chargeback claim against the merchants Mr B paid.

So, with the above in mind I am satisfied Revolut had no recovery options available to it in relation to the payments Mr B made into the scam.

### *Should Revolut have reasonably prevented the payments Mr B made?*

It has been accepted that Mr B authorised the payments that were made from his account with Revolut, albeit on X's instruction. So, the starting point here is that Mr B 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 into question Mr B about the payments he was making. And if it had questioned Mr B, would it have been able to prevent the scam taking place.

The first payment Mr B made into the scam was for less than £1,000. Considering the relatively low value of this payment I don't think it was unreasonable that Revolut's fraud prevention systems weren't triggered, and that it didn't step into question Mr B about this payment.

The second payment Mr B made into the scam was for £25,000 on 17 May 2022 and he went on to make even larger payments following this. Even though this was a newly opened account with Revolut and it wouldn't have been able to tell if these types of payments were usual for Mr B, I think this, and the following large payments were of a high enough value to have reasonably triggered Revolut's fraud prevention systems and prompted it to step in and question Mr B about what the payments were for.

But even if Revolut had stepped in and questioned Mr B about the payments he was making I don't think it would have uncovered the scam. I say this because Mr B has provided screenshots of conversations he had with X over WhatsApp.

X told Mr B to tell Revolut he was moving funds from one of his accounts to another and that Revolut didn't need to know any more than that. Mr B goes on to tell X that he trusts him.

After being told to keep information from Revolut Mr B continued to make the payments requested by X. So, I think if Revolut had questioned him about the payments he was making Mr B would unlikely have told Revolut anything other than he was moving funds from one of his accounts to another. If Revolut received this information from Mr B it's unlikely it would have asked any further questions as moving funds from one of Mr B's accounts to another isn't considered a dangerous activity, the funds would remain in Mr B's control.

Mr B has told us that Revolut should have done more and has quoted several rules and regulations he believes would apply to the situation. But none of these change my mind. For the reasons I've explained above I don't think Revolut missed an opportunity to prevent the scam and it's therefore not responsible for Mr B'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 B to accept or reject my decision before 16 February 2024.

Terry Woodham  
**Ombudsman**