

The complaint

Mr P complains that Revolut Ltd (Revolut) is refusing to refund him the amount he lost as the result of a scam.

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

In summary, Mr P found an advertisement about investing in Amazon on YouTube. Interested in the investment opportunity Mr P invested an initial small amount making the payment from an account held at another bank.

Mr P was then contacted by the investment business Invest505 (X). X persuaded Mr P to invest. Mr P was required to open an account with Binance and Revolut to facilitate the investment.

After making several payments as directed by X, Mr P could see he had made a substantial profit and attempted to make a withdrawal. Mr P was unable to make a withdrawal and it was clear he had fallen victim to a scam.

Mr P made the following payments into the scam via his debit card:

Date	Payee	Payment Method	Amount
3 March 2023	Simplex	Debit Card	£1,834.94
13 March 2023	Binance	Debit Card	£1,600.00
15 March 2023	Binance	Debit Card	£825.88

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

Recovering the payments Mr P made

Mr P 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 P was dealing with X, which was the business that instigated the scam. But Mr P 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 P'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 P paid.

Should Revolut have reasonably prevented the payments Mr P made?

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

Mr P had recently opened his account with Revolut before he made the payments in relation to the scam, so Revolut didn't have any history to compare Mr P's spending habits with. The payments Mr P made into the scam were also made to genuine businesses and were for relatively low values, so I don't think it was unreasonable that the payments didn't trigger Revolut's fraud prevention systems and that it didn't step into question Mr P about the payments he was making.

As I don't think it was unreasonable that Revolut's fraud prevention systems weren't triggered I don't think it missed an opportunity to prevent the scam, and it's not responsible for Mr P'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 P to accept or reject my decision before 15 March 2024.

Terry Woodham
Ombudsman