

The complaint

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

Mr W is being represented by a third party. To keep things simple, I will refer to Mr W 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, around June 2022 Mr W found an advert online for the trading platform ProInvestments (X). The advertisement looked professional and appeared to be endorsed by a well-known celebrity.

Mr W clicked on the link and visited X's website where he completed his details on an online data capture form and was later called back by a representative of X. X explained how the investment would work and convinced X was offering a genuine investment Mr W decided to invest and made some relatively small payments (£213.41 on 7 June 2022 and £927.87 on 24 June 2022).

Having not received any communication for several months after making these initial payments Mr W assumed he had lost the money he had invested.

In November 2022 Mr W received a further call from X explaining money remained in his account. X asked Mr W to reinvest the funds and he agreed, and his balance then showed he had made a significant return.

Mr W decided he wanted to make a withdrawal from the investment and was told he would have to make a payment in relation to tax first for around £800. Mr W made this payment from an account he held at another bank. Again, after this payment was made Mr W had no further communication from X.

Mr W was then contacted by someone claiming to be a representative of Blockchain (Y). Y gave several reasons that Mr W would have to make further payments before a withdrawal could be made. Mr W made a payment again from an account he held elsewhere, followed by the remaining payments Mr W made from his account with Revolut.

After making the additional payments Mr W was told were required to release his profits, he still did not receive a withdrawal and it was clear he had fallen victim to a scam.

Below are a list of payments Mr W made from his Revolut account in relation to the scam:

| Date | Payee | Payment Method | Amount |
|--------------|----------|----------------|---------|
| 7 June 2022 | Exframe | Debit Card | £213.41 |
| 24 June 2022 | Coindeck | Debit Card | £927.87 |

| | | | |
|-----------------|---------|------------|-----------|
| 7 December 2022 | Binance | Debit Card | £982.00 |
| 7 December 2022 | Binance | Debit Card | £5,000.00 |
| 8 December 2022 | Binance | Debit Card | £2,711.00 |
| 8 December 2022 | Binance | Debit Card | £2,000.00 |

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

Recovering the payments Mr W made

Mr W 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 W was dealing with X and Y, which were the businesses that instigated the scam. But Mr W didn't make the debit card payments to X and Y directly, he paid separate currency 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 or Y).

The service provided by the currency exchanges would have been to convert or facilitate conversion of Mr W's payments. Therefore, they provided the service that was requested.

The fact that the currency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchants Mr W paid.

Should Revolut have reasonably prevented the payments Mr W made?

It has been accepted that Mr W 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 W 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 intervened to warn Mr W about the payments he was making. And if it had questioned Mr W, would it have been able to prevent the scam taking place.

The first three payments Mr W made in relation to the scam were all for relatively low values to legitimate businesses. So, I don't think it was unreasonable that they didn't cause Revolut any concerns.

The fourth payment Mr W made in relation to the scam was for the higher value of £5,000. Considering the value of this payment and that it was out of character from the way Mr W usually operates his account, I think Revolut should have warned Mr W, broadly covering the potential risk of a scam.

Mr W was making payments from his Revolut account to an account in his own name with Binance that he had control over, he had also carried out some research before making payments and the results suggested X was not a scam. By this time, it also appears that Mr W was completely under the influence of the scammers, carrying out their instructions as directed. So, I don't think a general scam warning would have caused Mr W any concerns.

So, I don't think Revolut missed an opportunity to prevent the scam and it is not responsible for Mr W'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 W to accept or reject my decision before 2 April 2024.

Terry Woodham
Ombudsman