

## 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

Mr P has explained that he was looking for investments online when he came across a website for a company I will call X, that specialised in cryptocurrency investment.

X's website looked very professional and as Mr P was not able to find anything negative about X when he looked online, he decided to fill in an online enquiry form.

Shortly after completing the form Mr P says, he was contacted by X with details of the investment opportunity. X explained how the investment worked and Mr P was required to provide copies of his identification documents so an account with X could be opened and access to its platform could be granted. As part of the investment process Mr P was also required to open an account with Revolut so payments into the investment could be processed.

Mr P made initial payments into the investment as guided by X. When Mr P reported the scam to Revolut he explained that he made a payment of £250 to start with and then had to invest £5,000 to update his account with X to a silver account. After just two weeks Mr P's account showed a balance of \$63,000.

To retrieve his profits Mr P said he was required to create "liquidity" and had to invest a further 33% of the \$63,000. After making this investment Mr P was then required to pay a further 15% in relation to Capital Gains Tax (CGT).

Having made the above payments X told Mr P that due to UK government legislation the payments he had made were not valid and he would have to make them again. When Mr P called X after this request, he was met with aggression and the threat of his account being terminated

Mr P said he realised at this stage that he had fallen victim to a scam and stopped replying to any further messages that he received from X

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

Payment	Date	Payee	Payment Method	Amount
1	28 June 2023	OnlyChain	Debit Card	£3,000.00
2	30 June 2023	OnlyChain	Debit Card	£2,000.00
3	17 July 2023	OnlyChain	Debit Card	£5,000.00
4	17 July 2023	OnlyChain	Debit Card	£2,487.01
5	18 July 2023	OnlyChain	Debit Card	£1,000.00

6	18 July 2023	OnlyChain	Debit Card	£1,000.00
7	19 July 2023	Individual 1	Transfer	£5,000.00
8	19 July 2023	Individual 1	Transfer	£5,000.00
9	20 July 2023	Individual 2	Transfer	£5,000.00
10	20 July 2023	Individual 1	Transfer	£5,000.00cr
11	20 July 2023	Individual 2	Transfer	£2,735.00
12	20 July 2023	Individual 3	Transfer	£5,000.00
13	20 July 2023	Individual 4	Transfer	£2,014.00

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 and the method of transfer. 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 a separate cryptocurrency exchange. This is important because Revolut would only have been able to process chargeback claims against the merchant he paid, not another party (such as X).

The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Mr P's payments into cryptocurrency. Therefore, it 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 P paid.

When payments are made by transfer Revolut has limited recovery options available to it. I can see that Revolut did contact the operator of the recipients account, but this attempt was not successful.

With the above in mind, I don't think Revolut had any reasonable options available to it to seek recovery of the payments Mr P made in relation to the scam.

*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 intervened when Mr P made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

On 18 July 2023 Revolut declined a card payment Mr P had attempted in relation to the scam and an in-app chat took place. Revolut explained that the reason the payment was declined was because:

*"This is because there's been an increase in scams targeting crypto investors where customers move their funds to wallets they don't control. Fraudsters show victims fake investment gains, but the scam only materialises when you attempt to withdraw your funds."*

I think this should have caused Mr P to have concerns as it was more than two weeks after he had started to invest and he was being asked to make payments to gain access to the significant, too good to be true profit he had made, that brought the balance of his account with X to \$66,000.

Revolut also warned:

*"I understand. In this case, you can also try to move your funds through a bank transfer if it's supported by the merchant. However, we'd like to warn you that there's been an increase in scams targeting crypto investors where customers move their funds to wallets they don't control. Fraudsters show victims fake investment gains, but the scam only materialises when you attempt to withdraw your funds."*

I think this warning should also have caused Mr P to have concerns for the same reasons I have mentioned above. Yet the following day Mr P started to make payments into the scam via transfer.

When Mr P made the payments via transfer, he was prompted to give a reason for the payments from a list. Mr P gave two separate reasons for the transfers, "something else" and "transferring to a safe account", despite other more accurate options being available such as "cryptocurrency" and "investment".

Mr P says he gave incorrect information because X had advised him on what options he should select to avoid the transactions failing. Mr P has also told us that he was told by X to tell Revolut he was making the payments himself and was not being advised by anyone.

Although Mr P appeared to have made an unrealistic profit, had been warned about cryptocurrency scams, and told to lie to Revolut, he continued to make the payments.

I think it could be argued that Revolut could have gone further when Mr P made the payments, especially when he gave the payment reason as "safe account". But Mr P was very trusting of X and was willing to give incorrect information to Revolut to have the payments processed.

Had Revolut intervened further I think it's likely that at the most Mr P would have referred to X, and X would likely have told Mr P what to say. As Mr P had previously been willing to give incorrect information having been guided by X, I don't have enough to say that he wouldn't have continued to follow X's guidance.

Giving incorrect information when making payments would have made it very difficult to uncover the scam. So, for the reasons I've outline above I don't think Revolut missed an opportunity to uncover the scam and it is 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 7 February 2025.

Terry Woodham  
**Ombudsman**