

The complaint

Mr P complains that Revolut Ltd did not refund a series of payments he lost to a scam.

What happened

Mr P found an investment opportunity on social media. He looked over the website and was added to a group chat with others who were also investing under the guidance of an advisor. He began making trades using cryptocurrency and began to make returns. He was able to withdraw 150 USDT from the online platform and had spoken with others in the group, so he was confident that the investment was legitimate. Eventually he tried to withdraw the 1.05 million USDT he had raised but was told he had to pay a 5% fee to do so. He could not afford this so he purposefully lost money on trades until his wallet only had 17,000 USDT remaining.

Mr P paid the 5% fee and waited 24 hours for the withdrawal, but he was told the payment had been stopped due to anti-money laundering checks. He was told to pay another 10% deposit for the funds to be released, which he did. After waiting a further 24 hours, Mr P tried to contact the advisor he had been dealing with, but everything had been deleted. It was at that point he realised he had been the victim of a scam. Mr P made the following card payments from his existing Revolut account to a cryptocurrency wallet in his name:

Date	Amount
19/08/2023	£834.09
28/08/2023	£419.50
02/09/2023	£1,933.87
08/09/2023	£205.98
12/09/2023	£93.14
19/09/2023	£740.32
20/09/2023	£1,454.71
Total	£5,681.31

Mr P raised a scam claim with Revolut who looked into raising a chargeback claim for the payments. However, they could see Mr P had authorised the payments, and the merchant had provided the service paid for, so Revolut did not agree there was a valid chargeback claim. And they did not think they needed to reimburse Mr P.

Mr P referred the complaint to our service and our Investigator looked into it. They felt that the transactions in question were not significantly unusual enough to have warranted intervention by Revolut before being processed. Mr P's representative disagreed with the outcome. They felt the third payment at the bare minimum should have flagged as unusual, as it was of a higher value and was going to cryptocurrency.

As an informal agreement could not be reached the complaint has been passed to me for a final decision.

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.

I'm satisfied Mr P has been the victim of an investment scam and I'm sorry he's gone through this experience. As this complaint is against Revolut and not the scammer, I can only consider their actions in this complaint.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in August 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

I've looked over Mr P's statements and compared the scam payments to his genuine account activity. I can see he used his Revolut account relatively frequently, and sometimes made payment out of the account of up to around £1,000, with larger transfers going to other accounts in Mr P's name. While I haven't seen any evidence that Mr P had previously made payments to cryptocurrency using his Revolut account, I can see he listed cryptocurrency as one of the account opening reasons.

The scam payments in question were not particularly high value, with the largest being just under £2,000. And they were spread out over the course of one month, so the frequency of them was not high either. While the payments were to cryptocurrency, this alone is not enough for me to agree that Revolut should reasonably have stopped them for additional checks before they were processed. So, on balance, I just don't think the payments were unusual enough in either their value or their pattern for Revolut to have intervened.

Revolut has correctly set out that they were unable to raise a chargeback claim for the card payments. The chargeback scheme is voluntary and run by the card issuers and not Revolut. Its purpose is to resolve disputes between merchants and consumers. In this case, Mr P's dispute is with the scammer and not the merchant, and I note the merchant has provided the service paid for, namely the purchasing of cryptocurrency. So, I agree there was no grounds for Revolut to raise a chargeback claim in the circumstances.

My final decision

I do not uphold Mr P's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 20 November 2024.

Rebecca Norris

Ombudsman