

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 received an unexpected text from an individual (X). X asked Mr P if he was her travel agent. Mr P responded confirming that X had messaged an incorrect number and a conversation appeared to start organically between the two.

Over the days that followed Mr P and X got to know each other via WhatsApp and was soon exchanging personal stories and images. A relationship appeared to be forming.

X explained that she was a business owner and that she also invested in cryptocurrency in her own time. X started talking to Mr P about the investment opportunity and convinced him to invest.

As part of the investment process Mr P was required to download an App that appeared to show his investments and send money via cryptocurrency exchanges.

Mr P tells us that he realised he had fallen for a scam when he attempted to make withdrawals and was repeatedly given different reasons as to why he would have to make further payments first.

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

Payment	Date	Payee	Payment Method	Amount
1	25 June 2023	Ramp	Debit Card	£100
2	29 June 2023	Ramp	Debit Card	£3,000
3	1 July 2023	Tap.global	Debit Card	£3,000
4	4 July 2023	Mr P	Transfer	£64
5	4 July 2023	Mr P	Transfer	£13,600
6	11 July 2023	Mr P	Transfer	£4,100
7	11 July 2023	Mr P	Transfer	£400
8	12 July 2023	Tap.global	Debit Card	£3,166
9	12 July 2023	Tap.global	Debit Card	£200

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 in relation to 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 the scammer, which was the person that instigated the scam. But Mr P didn't make the debit card payments to the scammer directly, he paid separate currency exchanges. This is important because Revolut was only able to process chargeback claims against the merchants he paid, not another party.

The service provided 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.

When payments are made by transfer the only option Revolut has to recover the payments is to make a request to the operator of the receiving account to refund any funds that remain in that account. But as Mr P made these payments into an account in his own name any funds that did remain would remain in Mr P's control.

With the above in mind, while I can see Revolut did make attempts to recover Mr P's funds I don't think it was unreasonable that it was unable to.

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.

The first payment Mr P made in relation to the scam wasn't for such a significant value that I would expect it to have caused Revolut to have concerns. However, the second payment was being made to a known crypto currency provider for a higher value. Revolut would have been aware of the increased risk related to such payments at the time this payment was made, and it would have been reasonable for Revolut to have provided a tailored warning about the risks associated with cryptocurrency investment.

But I don't think this would have made a difference as it is clear from the messages exchange between Mr P and X that Mr P was forming a relationship with X. He could see he was making a return on his investment and overall, he was happy and keen to continue.

I also think Revolut should have intervened when Mr P made payment 5. Payment 5 was for a significant value which was not in keeping with how Mr P usually operated his account.

I can see that this payment was initially stopped. Mr P had selected the option "*safe account*" and an online chat conversation took place where Mr P was asked a series of questions that covered the risk of him falling victim to a safe account scam.

Mr P confirmed he had not been contacted by phone or text by anyone asking him to move his funds to a different account.

Mr P was then required to confirm he wanted to proceed with the payment even though Revolut had warned him that it was likely a scam, which he did.

The payment Mr P was making appeared to be going to an account in his own name and wasn't identifiable as a crypto related payment, so I don't think it was unreasonable that Revolut provided a warning tailored to safe account scams. But bearing in mind that I cannot think of any legitimate reason as to why anyone would be making a *Safe account* payment, I think Revolut should have gone further and asked Mr P the reason he was making the payment. But again, I don't think it would have made a difference.

By the time Mr P attempted this payment he had started to trust X and was investing with her guidance. At one stage Mr P told X that Revolut had told him the payment might be a scam and if he should proceed. X told him to proceed, and Mr P continued to make the payment.

Mr P had several concerns throughout the investment process, but each time X was able to put his mind at ease and convince him to continue.

I think it's most likely that Mr P would have continued to seek guidance from X had Revolut intervened any further and again been able to convince Mr P to continue with the payments. So, I don't think Revolut missed an opportunity to prevent 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 1 November 2024.

Terry Woodham
Ombudsman