

## **The complaint**

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

Mr C is being represented by a third party. To keep things simple, I will refer to Mr C 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 C was looking for an investment in cryptocurrency having seen various online advertisements and promotions around this type of investment. When researching he found an advertisement for such an investment on Facebook.

The advertisement was for a business called Financial Focus LTD (X). The advertisement looked professional and mentioned well-known brands Mr C would have previously heard of. Interested in the potential opportunity Mr C clicked on the link to X's website. X's website also appeared very professional with all the features Mr C would expect from a genuine business including a live chat facility and details of the investments on offer.

Before proceeding any further Mr C carried out online searches about X on trusted review sites and found mostly positive reviews including testimonials from customers thanking X for its help investing. Confident X was genuine Mr C completed an online data capture form with his personal details.

X called Mr C and explained the investment opportunity to him instantly building a rapport with him and gaining his trust, even offering to conduct all calls and correspondence in Mr C's native language. Calls often lasted more than an hour and were conducted over several consecutive days.

Mr C was required to provide identification documents before he could open a trading account and download the screensharing application AnyDesk to allow X to trade on his behalf.

Once X had access to Mr C's device it showed him his account that looked very professional. It was agreed that Mr C would start to invest with the minimum amount of £500 which was paid on 24 August 2022.

Mr C could see good returns on his initial investment, and he was in constant communication with X who persuaded Mr C to make further payments in relation to the supposed investment.

Happy with the profits Mr C could see he had made he decided to make a withdrawal from his account with X but was told he would have to make further payments in relation to tax before a withdrawal could be made.

Mr C refused to make further payments, but X insisted the payment was required before a withdrawal could be made. Mr C continued to refuse, and X stopped communicating with him altogether. It was clear at this stage that Mr C had fallen victim to a scam.

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

Date	Payee	Payment Method	Amount
24 August 2022	Guardarian.com	Debit Card	£500.00
14 September 2022	Wisensex.com	Debit Card	£4,757.80
14 September 2022	Wisensex.com	Debit Card	£4,122.91
14 September 2022	Wisensex.com	Debit Card	£1,308.89
22 September 2022	Guardarian.com	Debit Card	£4,300.00
22 September 2022	Wisensex.com	Debit Card	£906.92
28 September 2022	Wisensex.com	Debit Card	£3,592.86
28 September 2022	Wisensex.com	Debit Card	£1,302.50

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

#### *Recovering the payments Mr C made*

Mr C 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 C was dealing with X, which was the business that instigated the scam. But Mr C didn't make the debit card payments to X directly, he paid separate cryptocurrency exchanges (Guardarian and Wisensex). This is important because Revolut would only have been able to process chargeback claims against the merchant he paid (Guardarian and Wisensex), not another party (such as X).

The service provided by Guardarian and Wisensex would have been to convert or facilitate conversion of Mr C's payments into cryptocurrency. Therefore, Guardarian and Wisensex 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 C paid.

#### *Should Revolut have reasonably prevented the payments Mr C made?*

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

The first two payments Mr C made into the investment were for relatively low values to legitimate businesses so I wouldn't have expected them to cause Revolut any concerns.

However, when Mr C made the third payment into the scam, he had paid a total of almost £9,000 to a cryptocurrency exchange in a single day. Considering the amount Mr C was transferring and that this type of payment wasn't in keeping with how Mr C operated his account I would have expected Revolut to provide Mr C with a written warning broadly covering the risk of scams. But I don't think this would have made a difference.

The type of warning I would have expected Revolut to provide would likely have prompted Mr C to check he was sending the payment to a genuine business, and to be on the look out for potential scams.

Mr C has already explained that he carried out research on X before making any payments and that X had built a trusting relationship with him over several hours, of sometimes daily conversation. So, for these reasons I think it's clear Mr C was already confident in the payments he was making, and this type of warning would not have stopped him making this payment, or the remaining payments he made into the scam.

As I don't think a warning, as described above, would have prevented the scam from continuing I don't think Revolut missed an opportunity to prevent the scam, and it's not responsible for Mr C'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 C to accept or reject my decision before 3 April 2024.

Terry Woodham  
**Ombudsman**