

The complaint

Mrs S complains that Revolut Ltd (Revolut) is refusing to refund her the amount she lost as the result of a scam.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mrs S was cold contacted by the scammer (X) via WhatsApp about a job. Interested in the opportunity Mrs S responded to the message and a conversation took place. The job included performing tasks and in return Mrs S would receive a salary plus commission.

Mrs S decided to go ahead with the role and was required to make payments via a cryptocurrency exchange before withdrawal could be made.

Mrs S made several payments as requested but more payments were requested, and Mrs S realised she had fallen victim to a scam.

Mrs S made the following payments in relation to the scam:

Date	Payee	Payment Method	Amount
10 October 2023	Foris MT Limited	Transfer	£2.00
12 October 2023	Foris MT Limited	Transfer	£2.00
12 October 2023	Foris MT Limited		£70.00cr
14 October 2023	Foris MT Limited		£73.00cr
15 October 2023	CRO	Debit Card	£720.93
15 October 2023	Foris MT Limited	Transfer	£2.00
15 October 2023	Foris MT Limited	Transfer	£100.00
15 October 2023	Foris MT Limited	Transfer	£100.00
15 October 2023	Foris MT Limited	Transfer	£200.00
15 October 2023	Foris MT Limited	Transfer	£200.00
15 October 2023	Foris MT Limited	Transfer	£200.00
15 October 2023	Foris MT Limited	Transfer	£100.00
15 October 2023	CRO	Debit Card	£86.31
15 October 2023	CRO	Debit Card	£86.31
15 October 2023	Foris MT Limited	Transfer	£50.00
15 October 2023	Foris MT Limited		£2.00cr

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

Recovering the payments Mrs S made

Mrs S made payments into the scam via transfer and her 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.

Mrs S was dealing with X, which was the person that instigated the scam. But Mrs S didn't make the debit card payments to X directly, she paid a separate cryptocurrency exchange. This is important because Revolut would only have been able to process chargeback claims against the merchant she paid (the cryptocurrency exchange), not another party (such as X).

The service provided by the cryptocurrency exchange would have been to convert or facilitate conversion of Mrs S'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 Mrs S paid.

When payments are made by transfer Revolut has limited options available to it to seek recovery. Revolut could contact the recipient of the payments to request that any funds remaining in that account be refunded. But Mrs S has told us the payments were sent via the cryptocurrency account to the scammer. So, no funds would remain to be recovered.

With the above in mind, I don't think Revolut had any reasonable options available to it to recover the payments Mrs S made in relation to the scam.

Should Revolut have reasonably prevented the payments Mrs S made?

It has been accepted that Mrs S authorised the payments that were made from her account with Revolut, albeit on X's instruction. So, the starting point here is that Mrs S 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 question Mrs S about the payments she was making. And if it had questioned Mrs S, would it have been able to prevent the scam taking place.

The payments Mrs S made in relation to the scam were for relatively low amounts that I wouldn't have expected to have individually triggered Revolut's fraud prevention systems prompting it to step in.

But on the 15 October 2023 Mrs S made multiple payments to Foris MT Limited. Considering the multiple payments being made to a known cryptocurrency exchange I think Revolut should have had concerns about the payments Mrs S was making by the time she made the fourth payment to Foris MT Limited on 15 October 2023, and that it should have intervened.

Given the scam had features of other common scams I would have expected Revolut to have been aware of at the time I think it's reasonable to say that had Revolut intervened it would likely have uncovered the scam and prevented any further loss.

So, I think Revolut is responsible for Mrs S's loss from the fourth payment she made to Foris MT Limited on 15 October 2023.

Did Mrs S contribute to her loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Mrs S should share blame for what happened:

- The initial message to Mrs S from X stated X had received her number from someone Mrs S knew. Mrs S didn't question this but continued with the conversation
- Mrs S accepted a job offer that included her sending funds as part of the role without signing any contract or meeting her employer in person

I think the above should have been red flags for Mrs S and she should have taken more care before making the payments she did in relation to the scam.

Revolut has already refunded an amount more than what I would ask it to refund in relation to Mrs S's complaint. So, with that in mind it would not be reasonable for me to ask Revolut to make any further refund.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 30 August 2024.

Terry Woodham
Ombudsman