

The complaint

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

Mr L is being represented by a third party. To keep things simple, I will refer to Mr L 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 L had been thinking about cryptocurrency investment for a while when he came across an advertisement on social media that included a known celebrity for a company I will call X, which specialised in cryptocurrency investment.

The advertisement showed people could invest with an initial small payment and Mr L decided he would give it a try.

Mr L had an initial call with X having made a relatively small payment and was promised a call back from another X representative. The call back didn't happen within the timeframe Mr L was expecting so he complained.

Mr L was contacted by X again. X explained the investment process and asked Mr L to download screensharing software to his device from which X was able to show Mr L a professional looking trading website and how it would work.

Convinced by X that it was a genuine business Mr L continued to invest making multiple payments.

It wasn't until X sent Mr L a document with a different name on it, and Mr L researched that company, that he realised he had fallen victim to a scam.

Mr L made the following payments from his Revolut account in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	7 September 2023	Binance	Debit Card	£1,750
2	7 September 2023	Binance	Debit Card	£44
3	10 October 2023	Binance	Debit Card	£3,000
4	10 October 2023	Binance	Debit Card	£2,000
5	10 October 2023	P2P payee	Transfer	£6,020
6	10 October 2023	Binance	Debit Card	£3,000
7	10 October 2023	Binance	Debit Card	£2,000

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

Recovering the payments Mr L made

Mr L 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 L was dealing with the scammer, which was the business that instigated the scam. But Mr L didn't make the debit card payments to the scammer directly, he paid a separate cryptocurrency exchange. This is important because Revolut was only able to process chargeback claims against the merchant he paid, not another party.

The service provided by the exchange would have been to convert or facilitate conversion of Mr L'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 L paid. As the exchange provided the requested service to Mr L any chargeback attempt would likely fail.

When payments are made by transfer Revolut has limited options available to it to try to recover the payment. Revolut could ask the operator of the recipient account to refund any funds that remain in the account the payment was made to. But Mr L has already told us that the transfer he has disputed was a peer-to-peer payment in exchange for cryptocurrency that was then forwarded as part of the scam. So, there would be no funds to recover.

With the above in mind Revolut didn't have any reasonable options available to it to recover the payments Mr L made in relation to the scam.

Should Revolut have reasonably prevented the payments Mr L made?

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

The first payments Mr L made in relation to the scam were for relatively low values that I wouldn't have expected to have caused Revolut any concerns. But payment 3 was for a more significant value and was being made to a known cryptocurrency exchange. With the increased risk Revolut would have known at the time was associated with this type of payment I think Revolut should have provided an intervention proportionate to the risk the payment presented.

I think a proportionate intervention would have been for Revolut to have provided a tailored written warning relevant to cryptocurrency investment scams that covered the common features of such a scam. But I don't think this would have made a difference, I'll explain why.

While Revolut didn't intervene when Mr L made payment 3 it did when he attempted payment 5 for a more significant value.

This payment was initially stopped and Revolut provided Mr L with a series of screens where he was required to answer questions about the payments and warnings were provided.

Via the screens Mr L was advised that his payment had been flagged as a potential scam and warned that if he didn't answer the questions truthfully, he may not be able to get his money back.

Mr L confirmed he was making the payment as part of an investment, but then selected the option of 'earning interest on a savings account', when there were more accurate options of 'investing in cryptocurrency' available.

Mr L was asked if he had been asked to install any software with an example of the software being provided to Mr L (the example software was that Mr L had downloaded). Mr L confirmed he had not been asked to install any software.

Mr L was asked how he discovered the investment opportunity. With a warning stating 'Scammers use social media to entice victims by advertising fake investment. Well known celebrities or influencers may promote it to look legitimate'. Mr L was presented with several responses to choose from including the accurate response of 'online or social media ads' or 'celebrity endorsement' but he chose the option 'none of the above'.

Mr L was asked 'have you researched the company?' with a warning that 'regulated investment firms will be on the FCA register...' Mr L selected the response 'Yes I checked if the firm is on the FCA website'.

It's clear that Mr L did not answer honestly to the questions posed by Revolut he had found the investment company via a social media advertisement that included a celebrity, and he had been asked to download the specific software Revolut had warned against. In addition to this he was not investing in a savings account and had he checked the FCA website he would have found that X was a clone of another company, and it was not authorised.

With the above in mind, I think it's highly unlikely Mr L would have been any more honest had Revolut intervened earlier the same day or when he made any of the later payments.

Answering Revolut's questions incorrectly would have made it extremely difficult for it to uncover a scam was taking place, so I don't think Revolut missed an opportunity to prevent the scam and it is therefore not responsible for Mr L'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 L to accept or reject my decision before 11 April 2025.

Terry Woodham
Ombudsman