

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 says he was looking for an investment opportunity when he came across an advertisement on social media for a company specialising in cryptocurrency investment called cryptovip (X). Mr C says the advertisement was endorsed by a well-known celebrity and seemed legitimate, so he clicked on the link provided.

X's website looked professional and interested in the opportunity to invest Mr C completed an online data capture form.

Mr C then received a call from X who appeared professional and experienced in crypto investing. X was able to convince Mr C that he should start investing.

As part of the investment process Mr C was required to download the remote access software AnyDesk, and to open accounts with Revolut and Binance, as well as X's trading platform.

Mr C started by making a small investment that appeared to make a reasonable return, before being convinced to invest larger sums.

Mr C says messages were sent between himself and X, but that these messages were deleted, so it's difficult to know exactly what was said between the two.

Mr C says he realised he had fallen victim to a scam when he received letters about several loans taken out in his name. Mr C says he wasn't aware of the loans until the letters were received.

Below is a list of payments made in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	22 February 2023	Binance	Debit Card	£3,800.00
2	23 February 2023	Binance	Debit Card	£1,900.00
3	10 March 2023	Binance	Debit Card	£1,885.00
4	14 March 2023	Binance	Debit Card	£1,940.00
5	14 March 2023	Binance	Debit Card	£1,804.00

6	14 March 2023	Binance	Debit Card	£2,000.00
7	14 March 2023	Binance	Debit Card	£1,920.00
8	14 March 2023	Binance	Debit Card	£1,997.00
9	14 March 2023	Binance	Debit Card	£1,950.00
10	14 March 2023	Binance	Debit Card	£1,945.00
11	14 March 2023	Binance	Debit Card	£1,935.00
12	14 March 2023	Binance	Debit Card	£1,950.00
13	14 March 2023	Binance	Debit Card	£1,999.00
14	16 March 2023	Binance	Debit Card	£1,925.00
15	16 March 2023	Binance	Debit Card	£1,934.00
16	16 March 2023	Binance	Debit Card	£1,971.00
17	16 March 2023	Binance	Debit Card	£1,926.00
18	17 March 2023	Binance	Debit Card	£1,875.00
19	17 March 2023	Binance	Debit Card	£1,970.00
20	17 March 2023	Binance	Debit Card	£1,976.00
21	17 March 2023	Binance	Debit Card	£1,899.00
22	17 March 2023	Binance	Debit Card	£1,999.00
23	17 March 2023	Binance	Debit Card	£1,977.00

Our Investigator considered this 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. What is in dispute is whether Revolut should refund the money Mr C lost due to the scam.

Recovering the payments made in relation to the scam

Payments were made into the scam via Mr C's 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 the debit card payments were not made to X directly, they were made to a separate cryptocurrency exchange (Binance). This is important because Revolut would only have been able to process chargeback claims against the merchant that was paid (Binance), not another party (such as X).

The service provided by Binance would have been to convert or facilitate conversion of the payments into cryptocurrency. Therefore, Binance 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 Binance. So, I am not surprised a chargeback attempt was not successful.

Should Revolut have reasonably prevented the payments that were made?

It isn't clear whether Mr C authorised these payments himself, but in any event, by knowingly giving X the ability to access his account and make payments on his behalf, he did give his apparent authority for the payments to be made. So, we would treat these as authorised payments.

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 made. And if it had intervened, would it have been able to prevent the scam taking place.

Revolut did intervene on 15 March 2023 when Mr C attempted a payment to Binance and an online chat took place between Mr C and Revolut. I think it could be argued that Revolut should have intervened sooner, given it would have been aware of the risk associated with crypto related payments and that Mr C had made 10 payments for similar values the day before. But I don't think this would have made a difference. I will explain why.

When the chat conversation did take place between Mr C and Revolut, Revolut asked Mr C a series of questions designed to uncover potential scams.

Mr C was required to provide a selfie photo of himself and his personal information to confirm he was the person Revolut was chatting to.

Mr C then confirmed:

- he had not downloaded any screen sharing applications such as AnyDesk
- he had not been encouraged by anyone to create his Revolut account
- he was not purchasing cryptocurrency
- he was not being pressured to act quickly at the risk of missing out
- he was sending the payment to a Binance account in his name

While I think this intervention from Revolut could have gone further it is clear that Mr C was giving incorrect answers to the questions asked by Revolut, which would have made it difficult to uncover the scam that was taking place.

Mr C says he is not very technical which is why he answered in the way he did, but the questions asked were not technical questions. They were asked and answered clearly and from the conversation that took place I think it's most likely that Mr C understood what was being asked.

Mr C also tells us he was not aware of the loans that were taken in his name that funded the investment. But these funds were used to make further payments in relation to the investments Mr C was making so it is difficult to understand why he thought the funds would be available if he was unaware of the loans being taken in the first place.

Overall, I think Mr C has shown he was willing to be dishonest with Revolut in order to have the payments processed and I don't have enough to say Mr C would have been any more honest had Revolut intervened sooner or asked him further questions.

So, I don't think Revolut is 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 1 November 2024.

Terry Woodham
Ombudsman