

The complaint

Mr W complains that Revolut Ltd has decided not to refund him after he was the victim of a scam.

Mr W is being professionally represented – I'll refer to his representatives as T What happened

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.

Mr W was approached with an investment opportunity and proceeded to open a new cryptocurrency wallet. He then made two card payments, to that wallet, from his Revolut account, in December 2022 for £2,300 (or €2,598.20) and £1,300.

He contacted Revolut in March 2023, to say he'd been the victim of a scam.

Revolut considered Mr W's scam claim and said it raised two chargebacks but said these were not successful because the chargeback protection period had already expired by the time the matter was raised. It went on to say it wouldn't be upholding Mr W's complaint. Revolut provided its business file. Mr W opened an account with Revolut in 2018, giving the account purpose as "foreign exchange". The account was used for two small value transactions around the time of the account opening. The account was next used in December 2022 for the scam payments.

Revolut provided a copy of the "in app chat" when Mr W initially raised the scam claim. Mr W at the time was also raising a query about a £400 payment from his account but this no longer appears to be part of this complaint.

Ultimately Mr W remained unhappy with Revolut's decision and through T brought a complaint to our service.

One of our investigators looked into things. In summary she said:

- She didn't think Revolut should reasonably have been expected to prevent Mr W from losing funds to this scam.
- Although the payments were going to a crypto account, she didn't think that in itself was enough to say Revolut ought to have been on alert that Mr W was at risk of falling victim to a scam.
- Revolut did what it could to recover Mr W's funds but a chargeback was out of time and wouldn't have like been successfully in any event, as Mr W received the cryptocurrency he paid.

T responded to say it didn't accept the investigators findings. It provided comments from Mr W. he said

- The payments were significantly larger than his usual spending patterns which should have triggered checks to be made by Revolut.
- Revolut failed to adequately identify him as a vulnerable consumer, susceptible to financial harm.
- The significant financial impact of the scam was not sufficiently considered.
- Despite receiving the cryptocurrency, the service was fraudulent and Revolut should have pursued alternative avenues to recover his funds.

The investigator considered Mr W's points but said these didn't change the outcome of the complaint. She said:

- She acknowledged the sum lost here, represented a substantial loss for Mr W and this would have had a final impact on him. But overall, the payments were relatively low in value and not enough for Revolut to have had cause for concern.
- Revolut is expected to process payments and it's not realistic to stop all payments. Here he wouldn't have expected Revolut have intervene because the payments didn't represent a sufficient scam risk to do so.
- She asked for further details about Mr W's vulnerabilities.

T responded to say Mr W wanted an ombudsman to review the complaint. And said that Mr W was 73 years old and hadn't used Revolut before, which were all suggestions he was a vulnerable consumer.

As the complaint couldn't be resolved it has been passed to me

My final decision

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

And having carefully considered everything, I'm not upholding Mr W's complaint. I'll explain why.

Mr W says Revolut has a duty to protect him. But in broad terms, the starting position at law is that a bank, payment service provider or electronic money institution is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And I have taken that into account when looking into what is fair and reasonable in this case.

I've considered whether there was anything about the circumstances surrounding the payments that could have put Revolut on notice that they were being made as part of a scam. And I don't think there was.

I am satisfied that, taking into account longstanding regulatory expectations and requirements and what I consider to have been good industry practice at the time, Revolut should *fairly and reasonably* have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

But Revolut ought only do this where it did or ought to have identified that Mr W might be at heightened risk of fraud. And here I don't think there was any indication of this from the payments Mr W made as part of this scam. I'll explain why.

Overall, I don't think the payments Mr W made, were inherently suspicious. In considering this I have to take into account what Revolut knew at the time Mr W made the payments and not take a retrospective approach that we now know he was scammed.

Mr W's account had been open for a number of years, although I accept that prior to the scam payments the account hadn't been used since 2018. Mr W says the payments were out of character, but Revolut had very little, in terms of account history, in which to compare the scam payments to. That isn't to say therefore that any payments from the account wouldn't have stood out as being potentially suspicious. Only that Mr W didn't have a pattern of history from which Revolut could draw any reasonable conclusion from – as Mr W claims. But I have gone on to consider all aspects of the payments, as well as the account opening information, in deciding that Revolut didn't make an error here.

The scam payments were two individual card payments and for relatively low amounts both individually and as their combined value. I appreciate Mr W says, to him they represent a substantial loss, and I don't doubt that's the case. But in terms of how they would look to Revolut, where it processes payments for millions of customer, I don't agree that these payments ought to be considered as high value and therefore suspicious.

For at least one of the payments Mr W converted the currency to euros before making it, which aligned with the account opening purpose he gave. And the payments were going to an account in Mr W's own name. So for those reasons, they also represented a low risk. I've taken into account that these payments were made to a cryptocurrency provider and I'm aware that scams involving cryptocurrency are becoming increasingly prevalent and well-known to banks. But at the time these payments were made. I think it was reasonable for the Revolut to take into account a range of factors when deciding whether to make further enquiries of its customer about a particular payment. In this case, the pattern of payments wasn't consistent with fraud and their values, did not in my opinion indicate a heightened risk of financial harm. So, in this case I think Revolut was right not to view the payments with suspicion.

And finally, Mr W has said he was vulnerable because of his age. He's provided no other details about why he considers this to make him vulnerable. But Revolut cannot reasonably query all authorised payments just because of someone's age. Indeed, that would in itself be unfair and would probably lead to complaints about delays or discrimination.

There is no evidence here that Mr W was not of sound mind or incapable of making investment decisions, or day to day spending decisions. Or that he'd notified Revolut that he was vulnerable in anyway. In the circumstances, I am not persuaded that Mr W's age, given the other factors I've described above about the payments, that meant Revolut ought reasonably to have considered Mr W was at risk of financial harm or being scammed that it ought to have intervened with the payments he made.

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.

Revolut declined Mr W's chargeback claim saying it was out of time. But in any event Mr W was making payments to a genuine cryptocurrency platform, before ultimately transferring those funds on to the scammers. This is important, because Revolut would only be able to

process chargeback claims against the merchant paid. The service provided would have been to convert or facilitate the conversion of Mr W's payments into cryptocurrency. Therefore, the cryptocurrency platform 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 W paid. And the chargeback reason of fraud would not be successful because Mr W authorised the payments and the fraud chargeback reason is for payments the consumer didn't make, which wasn't the case here.

So, I don't agree that Revolut could have pursued other avenues to recover Mr W's funds when it was aware of that he'd been the victim of a scam.

Summary

In conclusion, I don't think the payments were so unusual that Revolut should have been concerned Mr W was at risk of financial harm. So, I don't think Revolut made an error by not intervening when Mr W made the payments. And it didn't make an error in declining Mr W's chargeback claims.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 22 August 2024.

Sophia Smith
Ombudsman