

The complaint

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

Miss B is being represented by a third party. To keep things simple, I will refer to Miss B 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, Miss B came across an advertisement on YouTube offering professional investment trading services. Interested in the opportunity Miss B clicked on the advertisement and completed her contact information.

Miss B then received a call from the company Analyst Que (X) and the details of an investment were explained in more detail. Miss B decided to go ahead with the investment and was helped by X to setup various accounts using the remote access software AnyDesk.

Miss B was able to see her investment growing through X's investment portal and was pleased with the returns she appeared to be making, but when Miss B tried to make a withdrawal from the investment, she was asked to make further payments in relation to fees and taxes.

Miss B says that she made several payments but was still being asked to make even more payments and realised she had fallen victim to a scam.

Miss B made the following payments in relation to the scam:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
21 June 2022	Binance	Debit Card	£10,000
23 June 2022	Xshop Ou	Transfer	£8,000
24 June 2022	Xshop Ou	Transfer	£20,000
29 June 2022	Xshop Ou	Transfer	£10,000
4 July 2022	Xshop Ou	Transfer	£18,000
5 August 2022	Xshop Ou	Transfer	£1,000

Our Investigator considered Miss B's complaint and didn't think it should be upheld. Miss B 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 Miss B has fallen victim to a cruel scam. What is in dispute is

whether Revolut should refund the money Miss B lost due to the scam.

Recovering the payments Miss B made

Miss B made payments into the scam via her 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.

Miss B was dealing with X, which was the business that instigated the scam. But Miss B 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, not another party (such as X).

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

When payments are made by transfer Revolut has limited options available to it to seek recovery. It could contact the recipient of the payments that were made to recover any funds that remain. It did attempt this option, but the recipient bank was unable to provide a refund.

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

Should Revolut have reasonably prevented the payments Miss B made?

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

The first payment Miss B made in relation to the scam was for the value of £10,000 to a well-known cryptocurrency exchange. Miss B hadn't had her Revolut account for very long and she had given the reason for her opening the account as "spend and save daily".

Considering the heightened risk associated with cryptocurrency payments, the value of the payment, and that a payment in relation to cryptocurrency didn't match what she had told

Revolut she would be using the account for I think this payment should have caused Revolut to have concerns and it should have intervened.

However, I don't think Revolut intervening would have made a difference. I say this because Revolut did intervene when Miss B attempted to make the second payment in relation to the scam for the value of £8,000 and an online chat took place. A copy of this chat transcript has been provided by Revolut.

Revolut explained to Miss B that it thought the payment could be part of a fraud or scam. It asked if Miss B had been asked to install remote access software such as AnyDesk or TeamViewer.

Miss B had installed AnyDesk but she responded to Revolut stating "no, I am making this transaction myself". The answer Miss B gave Revolut was dishonest and would have made it more difficult for Revolut to uncover the scam.

Revolut offered Miss B more time to consider the payment before making it, but she refused insisting she was making it herself and asked for the payment to be processed.

In addition to the above Miss B sent the funds to her newly opened Revolut account to fund the investment from an account she already held elsewhere. When Miss B made a payment from the other account the payment was stopped and a conversation between Miss B and the bank took place.

Miss B was asked the reason for the transfer of £10,000. Miss B said it was due to receiving a better rate of interest. Miss B was asked what the interest rate was but was unable to provide a response due to not having the paperwork close by. When given the option to look through the paperwork Miss B declined.

When Miss B told the bank her Revolut account was newly opened she was asked if anyone else had asked her to or helped her open the account and she confirmed that was not the case.

Miss B confirmed she had not clicked on any links and that it was her decision to move the money. Miss B also confirmed she had not been contacted by anyone and that she had not been asked to lie to the bank.

It's clear from the answers Miss B gave to both Revolut and her other bank that she was willing to give dishonest answers when questioned about the payments to have them approved.

I think it's unlikely Miss B would have been any more honest had Revolut intervened further than it did asking her about the payments in more detail. Giving dishonest answers like Miss B did when making the payments would have made it difficult for Revolut to uncover the scam, so I don't think it would be reasonable for me to hold it responsible for Miss B's loss.

My final decision

I don't uphold this complaint.

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

Terry Woodham

Ombudsman