

## **The complaint**

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

Mr B is being represented by a third party. To keep things simple, I will refer to Mr 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, Mr B found an advertisement on Facebook for a company called Markets-1 (X) that specialised in cryptocurrency investment. Mr B has told us he had previously read about X and the positive experience some had with it in the USA. X also appeared to be endorsed by Facebook which Mr B says increased his confidence in the company.

Interested in the potential opportunity Mr B clicked on the link which took him to a professional looking website. The website had all the features Mr B would expect to see from a professional business and a padlock also appeared next to the website address at the top of the page.

Happy with what he had seen on the website Mr B completed an online data capture form with his personal contact information.

Mr B then received a call from X and they went over the goals he wanted to achieve and explained how it could help Mr B to achieve those goals. Mr B says he found the call comforting and allowed X to gain his trust.

Mr B then received a second call from another individual at X who explained they had years of experience in investing. X was able to answer all the questions Mr B had confidently and after carrying out some research about the company himself (and finding nothing negative) Mr B agreed to make a small payment of £250 in relation to a start-up fee.

Mr B was required to send identification documents to X which made it seem even more genuine and professional.

Mr B was also required to download the remote access software AnyDesk so that X could walk him through the investment processes.

Mr B was able to see the balance of his trading account on a professional looking platform and X was in communication with him on a regular basis. X explained to Mr B that the more he invested the greater his return would be, and persuaded Mr B to make further and further payments.

When Mr B attempted to make a withdrawal from the investment, he was told he would have to make further payments first. Mr B questioned the payments but says he was given

convincing reasons for having to make them and was threatened with legal action relating to money laundering.

Mr B was convinced by X to take out two loans to fund the payments on the basis that he would be able to repay them within the cooling off period.

Mr B then made multiple payments as directed by X and was promised the withdrawal, but the funds never arrived, and it became clear Mr B had fallen victim to a scam.

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

Payment	Date	Payee	Payment Method	Amount
1	15 February 2023	Binance	Debit Card	£2,500
2	21 February 2023	Binance	Debit Card	£9,400
3	27 February 2023	Binance	Debit Card	£15,000
4	06 March 2023	Binance	Debit Card	£5,000
5	06 March 2023	Binance	Debit Card	£10,000
6	06 March 2023	Binance	Debit Card	£5,000
7	06 March 2023	Binance	Debit Card	£2,500
8	06 March 2023	Binance	Debit Card	£2,500
9	21 March 2023	Binance	Debit Card	£14,600

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

#### *Recovering the payments Mr B made*

Mr B made payments into the scam via his 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 B was dealing with X, which was the business that instigated the scam. But Mr B didn't make the debit card payments to X directly, he paid a separate cryptocurrency exchange (Binance). This is important because Revolut would only have been able to process chargeback claims against the merchant he paid (Binance), not another party (such as X).

The service provided by Binance would have been to convert or facilitate conversion of Mr B's 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 the merchant Mr B paid.

*Should Revolut have reasonably prevented the payments Mr B made?*

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

The first payment made in relation to the scam was for a relatively low value that I wouldn't have expected to cause Revolut concerns, so I am not surprised it did not intervene at the time.

The second payment made in relation to the scam was for the more significant value of £9,400 and was being made to a well-known cryptocurrency exchange. Given the increased risk associated with this type of payment I think it would have been reasonable for Revolut to have intervened and provided Mr B with a tailored warning about the risks of such payments.

The third payment made in relation to the scam was for the even more significant sum of £15,000 and again this payment was being made to a well-known cryptocurrency exchange. Given the value of this payment I think Revolut should have intervened providing a human intervention asking specific questions about the payment.

But even if Revolut had intervened like I think it should have I don't think it would have made a difference.

Mr B took out two loans to fund some of the payments he made in relation to the scam. one of the loans was taken through another bank. When Mr B applied for this loan, he gave a loan purpose of "holiday". This was clearly incorrect information as the funds were intended to be used in relation to the scam.

The funds used in relation to the scam originated from another of Mr B's accounts held at another bank. When Mr B made a payment from that account the bank intervened, a call took place, and it asked Mr B some questions.

Mr B confirmed he had received a loan into his account and the purpose of the loan was for a wedding for his child. Mr B said he had made a transfer to another account for his child.

The information Mr B gave during this call was incorrect. He hadn't answered the questions honestly and therefore the other bank was unable to uncover the scam that was taking place.

I think it's unlikely Mr B would have been any more honest had Revolut intervened when Mr B made any of the payments from his Revolut account which would have made it very difficult for Revolut to uncover the scam.

With the above in mind, I don't think Revolut is responsible for Mr 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 Mr B to accept or reject my decision before 18 October 2024.

Terry Woodham  
**Ombudsman**