

The complaint

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

Mr H is being represented by a third party. To keep things simple, I will refer to Mr H 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 H started speaking to an individual (X) on an online dating website. The conversation was going well so Mr H and X decided to move the conversation to WhatsApp.

A relationship started to form between Mr H and X via WhatsApp and another chat application via conversations that were taking place, often daily.

Mr H and X grew closer, and X was soon referring to Mr H as her boyfriend. X then explained she was making money via investing in cryptocurrency and encouraged Mr H to do the same.

Mr H agreed and he provided screenshots to X as requested so she could guide him through the process of setting up accounts and making payments. Mr H was being coached by X how to answer questions throughout the process.

Mr H could see he was making a profit but when he tried to make a withdrawal, he was told further payments would be needed in relation to tax. Mr H then realised he had fallen victim to a scam.

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

Payment	Date	Payee	Payment Method	Amount
1	7 March 2023	OKcoin	Debit Card	£200
2	15 March 2023	Banxa	Debit Card	£1,700
3	17 March 2023	Banxa	Debit Card	£5,200
4	24 March 2023	Banxa	Debit Card	£4,000
5	24 March 2023	Banxa	Debit Card	£4,000
6	24 March 2023	Banxa	Debit Card	£600
7	27 March 2023	Mr H	Transfer	£4,200
8	30 March 2023	Mr H	Transfer	£4,000
9	30 March 2023	Mr H	Transfer	£4,000
10	30 March 2023	Banxa	Debit Card	£4,000
11	31 March 2023	Mr H	Transfer	£60
12	5 April 2023	Mr H	Transfer	£2,080
13	11 April 2023	Mr H	Transfer	£6,000
14	12 April 2023	Banxa	Transfer	£5,000

15	13 April 2023	SatoshiDeals	Transfer	£5,000
16	5 May 2023	Individual	Push to Card	£4,000
17	5 May 2023	Individual	Push to Card	£3,700
18	5 May 2023	Individual	Push to Card	£300
19	6 May 2023	Individual	Push to Card	£2,000
20	6 May 2023	Individual	Push to Card	£2,000
21	10 May 2023	Individual	Push to Card	£3,700
22	10 May 2023	Individual	Push to Card	£300
23	10 May 2023	Individual	Push to Card	£3,700
24	10 May 2023	Individual	Push to Card	£300
25	10 May 2023	Individual	Push to Card	£1,000

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

Recovering the payments Mr H made

Mr H made payments into the scam via the methods of debit card, transfer and push to 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 H didn't make the card payments directly to X, instead he paid legitimate cryptocurrency exchanges, and the funds were then forwarded as part of the scam. The service provided by the exchanges would have been to convert or facilitate conversion of Mr H's payments into cryptocurrency. As this service was provided to Mr H, he has no valid right to a chargeback claim.

When payments are made by transfer the only option Revolut has to recover the payment is to contact the operator of the receiving account to request a refund of any funds that remain. But as Mr H made the payments to his own accounts before forwarding the funds to X if any funds did remain, they would remain within his control.

Push to card payments are designed so that funds can be transferred instantly to other individuals. I don't think it's unreasonable that these payments were not recovered as they appear to be made to individuals for the purchase of cryptocurrency that was again provided to Mr H and forwarded as part of the scam.

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

Should Revolut have reasonably prevented the payments Mr H made?

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

I think it can be argued that Revolut should have intervened when Mr H made payment 3, giving a human intervention, asking specific questions about the payments he was making. But I don't think this would have made a difference. I say this because it is clear Mr H trusted X and thought they were in a trusting relationship.

X told Mr H several times not to be honest when answering questions in relation to the scam.

X told Mr H to answer no to all questions posed by Banxa otherwise it would freeze his account. Mr H agreed

X told Mr H to avoid telling friends and family he was lending money from, that he was using it in relation to cryptocurrency. Mr H agreed again.

X told Mr H to apply for a loan so he could make further payments but not to give investment as the loan purpose, instead he should say he was buying a car. Mr H agreed again.

X also told Mr H not to be honest with Revolut and not to tell Revolut he was making payments in relation to cryptocurrency. Mr H agreed again.

From the information available I think it's most likely Mr H would have been dishonest with Revolut if it had asked him details about the payments he was making and said they were being made in relation to something unrelated. This would have made it very difficult for Revolut to uncover the scam that was taking place.

As I think it would be unlikely that Revolut would have uncovered the scam had it intervened I don't think Revolut is responsible for Mr H'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 H to accept or reject my decision before 17 October 2024.

Terry Woodham
Ombudsman