

The complaint

Mr H complains that Revolut Limited allowed transactions to go ahead on his account card, when he didn't authorise the payments, and then his chargeback requests were declined.

What happened

In December 2019, Mr H received notification of two payments from his account which he didn't recognise. He froze his account card and contacted Revolut about them. He'd spoken to the merchant and the related orders hadn't been made through his account with that merchant, but his address and card details had been used. At that stage, Revolut couldn't cancel the payments, but said that they would complete or decline within seven days. It said that, if the payments did complete, Mr H could place a chargeback request for them. It cancelled Mr H's card and arranged for a new one to be sent to him.

But the two payments did go through and so Mr H completed the chargeback request claims. The money was refunded back to him while these were being processed. But, in January 2020, the money was deducted again because the chargebacks had been defended by the merchant, which had provided information about why it believed the transactions had been made by Mr H.

Mr H complained. He said he didn't understand why the transactions had gone through when he didn't authorise them. Mr H believed the transactions were part of a scam and that he'd been conned.

Revolut said that, based upon the merchant's documentation, it didn't believe that a third party had made the transactions. This was because the goods ordered were shipped to Mr H's address. It didn't think his actual address would've been used if a third party had fraudulently used his card details to purchase the goods.

One of our investigators looked into the complaint but didn't think it should be upheld. She said that Mr H's card details and address had been used to order the goods. Because the billing and shipping address were the same, she thought it was difficult to say what a third party would gain from sending goods to Mr H. Mr H had described incidents where he thought his card details could've been compromised, but the investigator didn't think these were a plausible explanation for how the disputed transactions came to be carried out.

The investigator considered whether Mr H could've been a victim of the scam, as he'd thought. But she didn't think Mr H's situation was consistent with what would normally happen in such a scam. Mr H had said that he'd received the goods that were ordered in these transactions, but the investigator wasn't clear whether Mr H had approached the merchant for a refund. Overall, she didn't think Revolut had acted unfairly in its handling of Mr H's complaint.

Mr H didn't accept the investigator's findings and asked for the complaint to be reviewed. He said he'd refused to authorise the payments when he received the notifications and had put a stop on his card. The details from the merchant showed that two different female names had been used when the orders were placed, and the IP address showed the device used was in London, when he was working in the North of England. He said the purchases hadn't been made using his account with the merchant and disagreed that the provision of a billing

and shipping address is authorisation. Mr H reiterated the circumstances of the incidents where he thought his details could've been comprised. He said the merchant had referred him back to Revolut as there was no record of the purchases on his account with the merchant, and he hadn't received any confirmation relating to the items delivered.

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.

And having done this, I find I've reached the same conclusion as the investigator in that I think Revolut has responded to Mr H's concerns fairly and appropriately.

Generally, a bank can hold a customer liable for a disputed transaction if the evidence suggests that it's more likely than not that they were made or authorised by the customer. And a bank isn't able to cancel pending transactions as the payments have been promised to the merchant in return for the goods. So, although Mr H froze his card, and a new one was ordered for him, these transactions had already been processed by the merchant.

A bank isn't able to raise a chargeback until the transactions have been claimed and the money has left the account. Chargeback isn't a legal right, and there is no guarantee that the consumer will be able to get their money back. Banks don't have to raise a chargeback claim. But we'd expect a bank to make a chargeback request when it's reasonable to do so, but it would be bound by the rules of the card issuer's scheme.

Revolut did look to raise the chargeback claims for these two transactions, and this meant that the payments were refunded to his account balance while they were looked into. However, the claims were disputed by the merchant and this led to Revolut deducting the refunded amounts.

I've looked through all the relevant information and I appreciate that these items weren't ordered directly using Mr H's account with the merchant. There is also a note of a different female name with each order, and it seems that an IP address was used that wasn't where Mr H was located at the time the orders were placed.

However, Mr H's full card details were entered to pay for the goods, and the billing and shipping addresses used were his home address. This is evidenced as Mr H has confirmed that he did receive the goods; but believed them to be free samples.

And I agree that it seems unlikely that a third party would arrange for Mr H to pay for and directly receive some goods, when it isn't clear what could be gained by this. I understand the point Mr H has made about the scam he feels he might have been a victim of. But the particular circumstances here don't seem to follow my understanding of the pattern of that scam, as Mr H's own account card details were manually entered to purchase the items.

Although it may have been that the delivered packages didn't include invoices or notes, and Mr H didn't receive an email confirmation of the orders; they were delivered in the days following his original query of the transactions. I think the packaging is likely to have let Mr H know which merchant they had come from, and that this was the same merchant of the transactions he was questioning.

Although these specific orders didn't show on his account with the merchant, I don't think that would necessarily mean that the goods couldn't have been returned in some other way through contacting the merchant.

Overall, I don't think that Revolut has acted wrongly in the way that it has dealt with Mr H's dispute of these transactions.

My final decision

My decision is that 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 6 August 2020.

Cathy Bovan
Ombudsman