

The complaint

Mr M complains that Revolut Ltd wouldn't raise a chargeback on his behalf.

What happened

Early in 2020, Mr M discovered that an online merchant he'd been dealing with wasn't licensed to trade with consumers located within Great Britain. I'll call this merchant P. Mr M had made a number of payments to P and wanted these refunded. He raised his concerns with the relevant regulator, which recommended using chargeback to recover the money. Mr M contacted Revolut, but they said that chargeback wouldn't be appropriate because the issue was a regulatory one.

At the same time, Mr M had been trying to resolve things directly with the merchant, who sent him an email saying that it would refund his initial deposits. The email said that P had issued the refund to Mr M's card and that it would take up to ten business days to show in his account. But the refund didn't materialise, so Mr M approached Revolut again and asked them to raise a chargeback on this basis.

Revolut asked Mr M to provide a receipt confirming the refund. They said it needed to show certain specific details. Alternatively, they asked for proof that Mr M's account with P was in credit by the amount being claimed at the point of closure. Mr M wasn't able to provide this information as P had stopped corresponding with him by that point. Revolut said the chargeback attempt would be rejected by the card scheme without it and that the email evidence wasn't enough on its own. So they said they couldn't take the chargeback forward.

Mr M wasn't happy with this and asked this service to look into it. Our investigator thought Revolut's approach was reasonable. But Mr M didn't agree and asked for his complaint to be reviewed by an ombudsman. He says that P wasn't licensed to transact with him and breached UK legislation by advertising its services, making its transactions with him illegal. He says that P's digital content wasn't as described. And he says that the email confirming the refund should be enough for Revolut to raise the chargeback.

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.

I think it's helpful to start by summarising what chargeback is and how it works. It's a process for resolving disputes between card issuers (here, Revolut) and merchants (here, P). The chargeback scheme is a voluntary code which card issuers can sign up to. It's run by the card scheme (that is, the business which runs the payment network) – not Revolut. And chargeback claims are processed and decided based on the card scheme's rules.

Customers aren't automatically entitled to a chargeback and Revolut don't have to attempt it just because a customer asks them to. But I'd expect them to try if there's good reason to do so. When considering a chargeback request, Revolut are bound by the rules of the card scheme. They aren't obliged to submit a claim if they don't think the case fits within the rules,

or if they think the claim is unlikely to be successful. Each case depends on the individual circumstances. What I need to decide here is whether Revolut acted fairly and reasonably in relation to Mr M's chargeback request.

The card scheme's rules contain numerous "*reason codes*", under which claims can be submitted. The reason codes Mr M has referred to here are "*misrepresentation*" and "*services not as described*". Each reason code has criteria which must be met in order for the claim to be accepted by the card scheme. These include examples of the types of dispute covered by the code, details of disputes which will be considered invalid, conditions to be met before a claim is submitted and details of the specific evidence required to support a claim.

I've considered the fact that P wasn't licensed to transact with Mr M. There isn't a chargeback code which specifically covers this scenario. And I don't find that Mr M's dispute points fit within the reason codes of misrepresentation or services not as described. I'm satisfied that Revolut considered Mr M's request for a chargeback based on P's lack of regulation. But I think their conclusion that a claim on that basis wouldn't succeed was reasonable. So I don't think they were obliged to submit a claim on this basis.

Mr M's second request for a chargeback was based on the email saying that P would give him a refund. Revolut considered pursuing a chargeback under the reason code "*credit not processed*". But they say Mr M couldn't provide the information which is necessary to put forward a claim on this basis. Having considered the card scheme's rules, I don't think the claim would have succeeded based on the email alone. That's because the rules are specific about the type of receipt needed as evidence here and I don't find that the email meets these requirements. For this reason, I think Revolut's conclusion that the claim was unlikely to succeed was reasonable. But Revolut said they could try disputing the transactions if Mr M could prove that his account with P was in credit at the time it was closed.

I understand that P had stopped communicating with Mr M, so he had no way of obtaining a receipt or any other information needed for the chargeback. But I'm not looking here at the actions of P. I'm only looking at the way in which Revolut dealt with the chargeback request. I've considered all Mr M's comments and I know he feels strongly about this. But he didn't have the evidence needed for a claim under the code "*credit not processed*". And the facts of his case didn't fit within the other reason codes. I'm satisfied that Revolut gave Mr M's requests due consideration. But I think it was reasonable for them to conclude that a chargeback attempt was unlikely to succeed. So I think their decision not to raise a chargeback was fair.

I realise this will be disappointing for Mr M. But, for the reasons above, I don't think Revolut have done anything wrong here. So I'm not going to ask them to do anything.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 10 November 2020.

Katy Kidd
Ombudsman