

The complaint

Mr F complained that Revolut Ltd refused his charge back request when he didn't receive products linked to a contribution made through a crowd funder using his Revolut Card.

What happened

In August 2020, Mr F used his Revolut card to pledge a contribution of €2,385.25 through a crowdfunding website. The contribution related to a campaign operated by the crowd funder. In return for Mr F's contribution, he expected to receive "perks" in the form of four products from the campaigner.

Following delays and exchanges between Mr F, the crowd funder and the campaigner, Mr F was told that the "perk products" were to be shipped. So, he then paid US\$400 towards the shipping costs. Unfortunately, the "perk products" didn't arrive.

Mr F requested a chargeback on his Revolut card on 15 December 2020. On 6 January 2021, Revolut declined Mr F's chargeback request. They said, *"It seems that the transaction you're disputing was a contribution/pledge. In such a case, there are no chargeback rights"*.

Mr F wasn't happy with Revolut's response. He insisted that the payment he made entitled him to the products he expected. He said that as the campaigner had now confirmed that the products were to be shipped, his payment was no longer a pledge but was now a purchase. He also told Revolut he was aware of other contributors whose banks had agreed successful chargebacks in similar circumstances.

Despite continued exchanges, Mr F remained unhappy with Revolut's response to his request. So, he raised the matter as a complaint with Revolut during an online chat with them. But Revolut refused to change their decision.

Mr F decided to refer his complaint to this service. So, one of our investigators looked into the circumstances before issuing their own view. Our investigator thought that Revolut hadn't acted fairly. From information he'd seen, he believed that the crowd funder would accept a chargeback request against a transaction for a contribution or donation to a campaign.

Our investigator acknowledged that while a chargeback request may not have been successful, Revolut should've submitted a chargeback request here. He thought Revolut should pay compensation to Mr F of £250 to reflect the distress and inconvenience caused.

Revolut didn't agree with our investigator's findings. They said the crowd funder's website showed they don't sell goods and don't guarantee the success of campaigns. They also said the crowd funder operated a limited refund policy under certain conditions. These didn't apply in Mr F's case. Revolut said that previous chargeback claims with the crowd funder had been lost because of the crowd funder's terms and conditions. So, they didn't initiate a charge back as, in their view, it would fail. They asked that Mr F's complaint be referred to an ombudsman for a final decision.

I reached a different outcome to that of our investigator. Because of that, I issued a provisional decision on 23 November 2021 – giving both Mr F and Revolut the opportunity to respond to my findings below before I reached a final decision.

In my provisional decision, I said:

Mr F's uses a prepaid debit card provided by Revolut. Unlike conventional debit cards, it's not linked to a specific Revolut bank account number and sort code. It requires the holder to load a "virtual" account with funds from a "feeder" account with another bank. The card can then be used to fund transactions with providers under the associated card scheme.

Mr F's payment of €2,385.25 appears on his Revolut transaction history on 18 August 2020. The payment was to a crowd funding website and related to a pledge/contribution in respect of a specific campaign.

Each campaign is designed to raise funds to enable a product or service to be developed and brought to market. In exchange for the pledge, Mr F was offered "perks" in the form of products supplied by the campaigner. The crowd funder and campaigner are distinctly separate entities. The crowd funder helps to arrange funding for the campaigner. Any "perks" are provided by the campaigner.

In simple terms, any pledge or contribution is effectively an investment in the campaign in exchange for "perks". However, the crowd funder's terms are very clear - They don't guarantee that campaigns will succeed, or that "perks" will be delivered or deemed satisfactory. They say that contributors accept the risk that a campaign, and its "perks", might not come to fruition. In Mr F's case, it appears this is what happened as the "perk products" didn't arrive and the campaigner hasn't responded to communications.

I also note that the crowd funder offers a limited refund to contributors only where a campaign hasn't ended, the contributor hasn't received a "perk" and the contribution hasn't been sent to the campaign owner. So, where the crowd funder no longer holds the contributor's funds, any claim is unlikely to be successful. Given the campaigner had confirmed to Mr F that products would be shipped, it's reasonable to conclude they'd received the funds from the crowd funder.

Chargeback schemes are voluntary codes that card issuers sign up to. They are not a right: the card issuer doesn't have to do a chargeback although this service thinks it's good practice to try if they have good reason to.

When a chargeback is initiated, they're not guaranteed to recover money. This depends on the underlying circumstances and the card scheme rules. Ultimately, where there's a dispute, any chargeback request is decided based on these rules by the card scheme, not by the card issuer. So, in Mr F's case, Revolut wouldn't have the final say on whether a claim is successful.

I've looked at the chargeback rules for the card scheme associated with Mr F's Revolut card. I've found nothing to suggest that a chargeback can't be requested for something like this. In particular, the scheme rules say, "*Chargebacks are available to the issuer for transactions in which any value is purchased for gambling, investment or similar purposes*". I think that applies here, so I don't believe that a chargeback shouldn't be raised purely because the transaction was a pledge or contribution to a crowdfunded campaign.

That said, banks don't have to raise chargebacks. If it looks clear that the cardholder would lose, then there's little sense in doing one. Revolut said their chargeback team didn't raise a claim with the crowd funder because of what is stated in the crowd funder's terms and conditions. They'd tried, in the past, to raise chargeback claims with this crowd funder. But claims were lost on the grounds that the claimant had no chargeback rights under the crowd funder's terms and conditions. Revolut believe they are quite clear, and they had no reasonable grounds to expect that the outcome of Mr F's chargeback would be positive.

I realise that Mr F may not agree, but I believe if previous claims have been unsuccessful, based upon their experience and knowledge, Revolut are not obliged to commence a chargeback if they believe it would fail – that's what they decided here.

Mr F has referenced the experiences of other contributors who've had successful chargebacks. I can't comment upon the experience of others as I've no knowledge of the individual circumstances of their claims. I can only look at Mr F's situation in isolation.

Mr F also references a chargeback explanation on the crowd funder's website. I've reviewed this and believe it largely covers things from the campaigners' perspective in the event a chargeback happens. But the guidance doesn't reference the card scheme's rules which ultimately dictate any outcome. They also appear to relate to where funds haven't yet been distributed to a campaigner.

Mr F mentioned he'd paid US\$400 in respect of shipping costs for the products. This appears to be a distinct and separate transaction for a specific service. But Mr F hasn't specifically said this was completed using his Revolut card and I've been unable to find this in his transaction history. I've also seen nothing to suggest a specific chargeback request was made to Revolut for this part. So, I can't comment further on this transaction.

I appreciate Mr F will be disappointed, but I disagree with our investigator. I believe Revolut were within their rights to decide not to initiate a chargeback for the payment of €2,385.25. They weren't obliged to, particularly given their past experiences and resultant knowledge.

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.

In my provisional decision, I asked both parties to respond with any new information or comments they wanted me to consider.

Revolut agreed with my findings and provisional decision and confirmed they had no additional points to add.

Mr F didn't respond to my provisional decision, despite follow up requests from this service. So, on the basis I haven't seen anything that leads me to change my mind, my decision remains unchanged.

My final decision

For the reasons set out above, I don't uphold Mr F's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 January 2022.

Dave Morgan
Ombudsman