

The complaint

Mr O complains that Revolut Ltd (Revolut) rejected his chargeback request.

What happened

In September 2020 Mr O ordered a PS5 from a known retailer. As there was no stock available at the time, he pre-ordered. In November 2020 Mr O received an email from the retailer informing him that his bank or emoney provider hadn't allowed the payment. Mr O was advised he needed to update his payment details by clicking on a link to register for an account. The email went on to say the retailer would hold the pre-order for 48 hours to allow Mr O to update his details but after that his order would be cancelled. Mr O used the link provided by the retailer but wasn't able to take the required action.

As he still wanted the PS5 Mr O tried other methods of contacting the retailer, all of which were unsuccessful. He then found a social media site that had been recommended by a follower of the retailer on a social networking site. He thought that given the huge demand for PS5s the retailer was trying alternative methods to help its customers and messaged that account. In his message Mr O said he needed to update his payment details. In response, Mr O was asked to email his card payment details to an email address he was provided with, which he did. Mr O was told his payment details had been updated so when he was asked later by Revolut to authorise a payment to the retailer he did so – thinking that the request related to the PS5.

On 14 October 2020 Mr O received confirmation from the retailer that his order had been cancelled as he hadn't updated his payment details. At this stage Mr O realised that the email requesting his card details was from a fraudster and that in fact his payment details were used by a fraudster. On the same day he raised a chargeback claim with Revolut.

The investigator who considered Mr O's complaint felt that Revolut should have questioned the evidence provided by the retailer when it responded to the chargeback request. She recommended that Revolut refund Mr O in full.

Mr O accepted what the investigator said but Revolut did not and so the complaint has been passed to me. In summary Revolut said:

- Mr O intended to place an order for the item that is in dispute.
- Mr O was a regular customer of the retailer and had made a number of transactions which leads Revolut to believe he placed the order for £369.92.
- The fact Mr O says he didn't place the order and someone else did so using his card details isn't enough to unambiguously conclude he didn't place the order.
- Even if Revolut accepts Mr O didn't place the order for £369.92 it considers he acted with gross negligence in providing his card payment details to an unknown person on a social media site because the retailer was unresponsive.

I issued a provisional decision on 20 April 2022. In it I said,

Regulations

There are regulations which govern disputed transactions. The relevant regulations for disputed transactions taking place in 2020 are the Payment Services Regulations 2017.

These say that the payment service provider (here, Revolut) must show the transaction was authenticated. That's the technical part, and here, the electronic records show the disputed transaction was authenticated. The regulations also say that it's then necessary to look at whether the card holder authorised the payments. In general terms, both under the Payment Services Regulations and the Consumer Credit Act, the bank is liable if the customer didn't authorise the payments, and the customer is liable if he did authorise them. The payment is also a "distance contracts," as the transaction was made online without the physical card being present, which again means that customers aren't liable for any payments they didn't authorise. So I've carefully considered whether or not I think it's more likely than not that Mr O authorised the disputed payment.

Is it likely that Mr O authorised the disputed transaction?

I've considered the fact that Mr O was asked by Revolut to authorise the payment to the retailer and did so. But completing this part of the transaction alone does not constitute authorising the payment. The PSRs say consent, "must be given in the form, and in accordance with the procedure, agreed between the payer and its payment service provider". So to have consented to the payment, Mr O needed to complete all parts of the procedure, which in this case would include completing the card payment details online. So, I've gone on to consider whether I think Mr O took these steps.

Whilst I recognise the statements I've seen for Mr O's account show previous transactions to the retailer, this doesn't mean that the transaction in question was authorised. I need to consider the circumstances of the payment to the retailer of £369.92.

It's clear from the emails Mr O has provided from the retailer that the order he placed in September 2020 was cancelled rather than amended. Mr O ordered a PS5 at a total cost of £369.98, which he didn't receive.

It seems that Revolut submitted a chargeback claim for goods that were defective or not as described rather than goods not received – which is the reason I'd expect it to have used. In response to the chargeback request the retailer provided evidence of what goods were delivered and when together with the customer name, address, email address and telephone number. This is the same kind of information I'd expect the retailer to provide in response to a goods not received chargeback claim.

None of the personal details provided by the retailer in its chargeback response, including the name, matched Mr O's details as recorded by Revolut and set out in the original invoice Mr O received from the retailer. In addition to this, Mr O ordered a PS5 but the order delivered to a completely different name and address was for six games and a controller. And the total, although very similar to Mr O's original order, wasn't exactly the same. Mr O's original order total was for £369.98 but the new order and the sum debited from Mr O's account was £369.92.

Taking this information into account, I'm not persuaded Mr O authorised the payment of £369.92 from the retailer. I've also not seen any evidence that Mr O has acted fraudulently. This means that Revolut should refund this amount to him. As the disputed transaction was made under a distance contract, gross negligence isn't relevant – so I haven't considered Revolut's comments about this.

Revolut responded to my provisional decision and said it had no further points to add. Mr O said he was happy with my provisional decision.

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.

As the parties involved haven't provided any new information or asked me to consider any additional points following my provisional decision, I see no reason why I should reach a

different outcome to the one I reached in my provisional decision (which I have reproduced above and forms part of this final decision).

My final decision

I require Revolut Ltd to:

- Refund Mr O the disputed transaction of £369.92;
- Refund any other fees, interest or charges which it has levied to Mr O's account as a result of this transaction;
- Correct any adverse information which it sent to Mr O's credit file, if any, and notify Mr O when this has been done, so he can check his credit file.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 26 May 2022.

Jay Hadfield
Ombudsman