

## **The complaint**

Mr P complains Revolut Ltd unfairly rejected chargeback requests he made, breached his personal data, and stopped him accessing funds in his account.

## **What happened**

The background facts which led to Mr P's complaint are known to both parties and I find no need to repeat them in full here. But broadly, Mr P says Revolut:

- Failed to raise a chargeback for a rental payment he made to an accommodation provider. He says the accommodation didn't meet the description of the property he paid for and had various problems, including patches of mold.
- Failed to raise a chargeback for a subscription service he couldn't cancel. He says the merchant couldn't be contacted.
- Blocked his account during the Christmas period, which left him in a very difficult situation, where he had to gamble using benefit payments to meet his living costs. He also says Revolut failed to allow him to make an external transfer when they agreed they would.
- Breached his data by replacing his account profile picture with another Revolut customer and they didn't reinstate his picture.

Our investigator issued two views on Mr P's complaint. They upheld his complaint in part. They found:

- Mr P told Revolut he didn't recognise the payment he made to the accommodation provider, but eventually he raised a chargeback claim which showed he knew what the payment was for and that he was staying at the accommodation. So, it appears Mr P misled Revolut when he first contacted them about the payment.
- Revolut weren't obliged to raise chargebacks because Mr P wanted them to. They needed to ensure the circumstances of each request represented a valid dispute under the rules of the chargeback scheme.
- Revolut correctly interpreted the chargeback rules when they declined Mr P's chargeback requests. He hadn't cancelled his stay at the accommodation, which was required under the relevant chargeback rule. Neither had he cancelled his subscription with the merchant which was also required.
- Revolut were acting in line with their legal and regulatory responsibilities when they blocked his account. They were carrying out a review and they didn't have to disclose their reasons to him – but their reasons were legitimate.

At one point, Mr P was told incorrectly that he should be able to make an external transfer when the block was in place. But this didn't mean Revolut should have allowed him to make the payment. Neither did Mr P asking to terminate his account

under the account terms and conditions mean Revolut had to release his money before they completed their review.

- Revolut explained Mr P's profile photo was replaced due to a bug which affected a number of customers. His account had not been hacked and what happened wasn't enough reason to award him compensation.
- Revolut gave Mr P contradictory information at times. They said they couldn't offer temporary credits when they could, and they had said their chargeback team didn't have an email address when they did. £100 was reasonable compensation to make up for the frustration Mr P was caused.

Revolut agreed to our investigator's recommendation to pay £100. But Mr P believes he should receive a larger sum to put matters right. He asked for a final decision from an ombudsman, so his complaint has been given 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.

I have decided to uphold Mr P's complaint in part, but I am not going to direct Revolut to pay him any more than the £100 our investigator recommended. I'll explain why.

#### **Revolut's block on the account**

Revolut have important legal and regulatory obligations they must meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened.

Revolut will review accounts to comply with their responsibilities. And, it's common industry practice for firms to restrict access to funds without notice to conduct a review - doing so helps prevent potential financial loss or other harm that could result if they didn't restrict access or if they gave prior warning of what they intended to do. Revolut wouldn't know whether to allow Mr P access to the funds until they concluded their review.

I'm satisfied Revolut acted in line with their legal and regulatory responsibilities when they prevented Mr P accessing the funds in his account. And, I don't find Mr P wanting to terminate the account meant Revolut had to release the funds before they completed their review. I find their legal and regulatory obligations overriding in these circumstances.

Mr P says he was led to believe his account would be unblocked before Christmas. He was incorrectly told he should be able to make an external transfer by a Revolut employee during a phone call. This was a human error because the block meant he couldn't make transfers, which became clear when he again attempted to make another transfer during the call. A follow up call was arranged, but he wasn't told the follow up call would definitely result in him being able to make an external payment – although it's clear Mr P wanted it confirmed this way. Instead, he was told the purpose of the follow up call would be to attempt to make an external payment.

So Revolut made an error, but I don't find Mr P being given incorrect information meant they had to allow him to make an external payment during the follow up call. Instead I find Revolut were able to withhold the funds at that time. Mr P was also told that they hoped the review would be completed by a specific date in December, which didn't happen. But I don't find this obligated them to release funds to Mr P on that date. I have considered Revolut's reasons for not releasing the funds until they did, and I find they are reasonable.

Mr P started a court claim to get his funds back and says Revolut should foot his legal costs and court fees. But I don't find Revolut acted unfairly by blocking his account or that they caused undue delay, so I am not holding them responsible for the costs he incurred by choosing to commence legal proceedings.

Our service is free for complainants to refer complaints to us, and we have not charged Mr P for using our service. But our service is entirely separate to the courts, and it's for the court to decide Mr P's liability for legal costs that may be part of Revolut's defence or counter claim to his claim at court.

#### The removal of Mr P's profile picture

Mr P says he should be compensated because another customer's profile picture appeared on his account, replacing his default picture. It appears the other customer's picture was removed after Mr P logged out of his account and then logged back on. Certainly, the person whose picture it was had their data compromised – but this is not a reason to compensate Mr P.

Revolut provided a plausible explanation about what happened, and I'm satisfied his account wasn't hacked or that his data was stolen. Mr P says Revolut breached his data and information rights and I have considered what he has said and the copy of the letter he provided from the Information Commissioners Office (ICO). But whether or not Revolut breached his personal data by removing and then not reinstating his profile photo, doesn't necessarily mean I should award him compensation. While he was annoyed by the error which occurred, Revolut quickly assured him the error resulted from a bug and his account hadn't been hacked. While Mr P will disagree, I am not persuaded that what happened impacted him to the extent that he should reasonably be awarded compensation.

#### Chargebacks

I'm satisfied Revolut properly considered Mr P's request to raise a chargeback for the payment he made to stay at the accommodation provider. He said the room he was provided didn't meet the description of the property advertisement and it had a variety of issues, and the replacement room he was given also had issues. But the chargeback scheme has limited scope and isn't there to cover every scenario about poor-quality service provided by a merchant. Instead, the circumstances of a dispute must fit the parameters of a valid chargeback claim under the relevant card scheme rules.

Mr P referred to section 75 of the Consumer Rights Act 2015 in his messages to Revolut. I believe Mr P meant to refer to section 75 of the Consumer Credit Act 1974, which gives consumers a legal right to claim against a credit provider for breach of contract or misrepresentation by the supplier of goods or services subject to certain requirements. But Mr P didn't pay for the accommodation with credit provided by Revolut, so s75 doesn't apply. So, Revolut weren't obliged to raise a chargeback simply because Mr P wanted them to. And, where it's clear the circumstances of a dispute don't represent a valid chargeback under the rules, it's reasonable for them not to present the claim.

Mr P stayed at the accommodation for the full rental period. So, there was no unused portion of his stay which followed a cancellation, which is what was required for there to be a valid claim under the card scheme rules. I'm satisfied Revolut's decision not to submit the claim was right and they aren't liable for the losses the merchant may have caused Mr P.

Mr P told Revolut the accommodation provider agreed to refund him, but I haven't seen evidence to show they agreed to refund him for a portion of the rental period to which the

payment relates. Instead, the screenshot he submitted of a message from the accommodation provider appears to relate to a further rental period. The message indicated the accommodation provider hadn't received a full payment for a booking, so the booking had been cancelled and Mr P needed to vacate the property that day. It said he would receive a partial refund, but I don't find this relates to the payment he wanted charged back.

I also find Revolut acted fairly by not submitting Mr P's chargeback claim for a subscription payment. I agree they were right to conclude that Mr P needed to cancel the subscription with the merchant. I am not persuaded Mr P wasn't able to contact the merchant given the information available online which shows the steps a customer needs to take to try to cancel a subscription.

### Customer service issues

At one point, Revolut told Mr P that they had no ability to provide temporary credit for the chargeback request he made. They also said there was no email address for their chargeback team. But this information wasn't accurate, and I understand Mr P's frustration when he received conflicting information. However, Revolut didn't need to give him a temporary credit, particularly as he didn't have a valid chargeback claim.

### **Putting things right**

Mr P has referred to redress he received on different complaints he brought to our service. But I have decided what I find is fair and reasonable based on the individual circumstances of this complaint. I have not based it on the findings of investigators who considered different complaints with different factual circumstances.

I agree some aspects of the service Mr P received from Revolut ought to have been better, such as making sure the information they provided him with was accurate. But I don't find the information he submitted demonstrates he should receive more than £100.

I find much of the distress Mr P experienced was not the result of errors Revolut made. As I have said, I find Revolut did not err when blocking his account or that they had to release his funds earlier than they did. And, I find they had good reason to decline the two chargeback requests in question.

I have also borne in mind that a significant element of Mr P's communication with Revolut was his insistence that they provide temporary credits for payments he was disputing, which Revolut had the discretion not to provide. He also initially misled Revolut about the payment for the accommodation when he raised it as an "*unknown transaction*". So, on balance, I don't find awarding greater compensation would be proportionate in these circumstances.

Subject to Mr P accepting this decision, I direct Revolut to pay him £100 within 28 days of his acceptance.

### **My final decision**

I have decided to uphold Mr P's complaint. Revolut Ltd must pay him £100 compensation according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 10 October 2022.

Liam King

**Ombudsman**