

The complaint

Mr V complains a payment made to Revolut using his credit card was incorrectly recorded as a cash advance which led to his credit card provider charging fees and interest on the transaction.

What happened

Mr V says he made a payment to his Revolut account using his credit card. He says the payment was recorded as a cash advance by Revolut but this was incorrect. Mr V says Revolut sent the wrong information to the credit card company which led to it applying charges to the transaction.

As a result Mr V has been charged fees and interest by his credit card company and wants Revolut to either ensure the credit card company can correct the transaction or refund him the costs.

Revolut have said it isn't responsible for the fees charged by the card issuer. Although the fees were related to a transaction made to Mr V's Revolut account, they weren't applied by Revolut. And as such the complaint wasn't upheld.

Mr V wasn't happy with the response from Revolut and so he brought his complaint to this service. Our investigator looked into things for him. She said Revolut processed Mr V's transaction as a top up and can't be held responsible for the way the credit card issuer has treated the transaction. And so she didn't uphold the complaint.

Mr C didn't agree. He said the code provided to his card issuer by Revolut is the reason the credit card company charged fees and interest, and as such the code is incorrect. And so the matter has been passed to me for a final 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.

While I have summarised the events here, I want to assure both parties that I've reviewed the evidence I've been provided. And if I don't comment on something, it's not because I haven't considered it. It's because I've concentrated on what I think are the key issues.

I know it will come as a disappointment to Mr V but I agree with the investigator's view. I have explained why below.

I can understand Mr V would be disappointed to see that he was being charged for a transaction that he felt he shouldn't have been charged for. Especially given as he had raised this issue previously and been assured the matter was resolved and wouldn't happen again.

A Merchant Category Code (MCC) is a four-digit number used by credit card companies to classify businesses. An MCC indicates a merchant's primary business activity. It does not relate to specific transactions.

Some banks charge its customers a fee when topping up Revolut using a credit card. This is usually because the top up is recognised as a cash withdrawal or cash advance since a credit card is being used to add funds to the account. Which is what appears to have happened here. And I can't say that is Revolut's fault.

I can see that Revolut refunded some fees and charges applied when Mr V complained previously as a gesture of goodwill. It wasn't obliged to but have recognised the relationship here.

I have seen Mr V's comments following our investigator's view of his complaint and considered what he's said carefully. Unfortunately they don't change my decision on this matter. The credit card issuer has treated the transaction to top up the Revolut account as a cash advance likely because the payment is not for goods or services but is a payment to top up the Revolut account for the purpose of then going on to pay school fees. The card issuer has applied fees to the transaction of topping up the Revolut account, not the payment of school fees. And Revolut have no control or responsibility over any part of that process.

Ultimately it is for each credit card provider to decide what they charge for certain types of payments, and how they categorise them according to their fee structure. Mr V's credit card provider set its own fee structure in its terms and conditions. So I'm not holding Revolut liable for the fees the credit card provider charged Mr V, since how a credit card provider categorises certain payments is not something in the control of Revolut, nor indeed is it the responsibility of Revolut.

My final decision

My final decision is that I don't uphold this complaint.

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

Kiran Clair
Ombudsman