

The complaint

Ms G complains about how Revolut Ltd handled her chargeback claim for a faulty car.

What happened

In December 2021, Ms G used her debit card on her Revolut Ltd ("Revolut") account to make payments of £200 and £5,545 to buy a second-hand car.

Ms G contacted Revolut a few months later to raise chargeback claims for these two payments. She said that the car was faulty and should not have been sold to her as a result.

Revolut put forward a chargeback claim for both transactions. The claim for £200 was not defended by the merchant and was re-credited back to Ms G's account. However, the claim for £5,545 was defended by the merchant who said that the sales invoice clearly stated that the car was sold with no warranty and was sold as a part exchange clearance on a 'spares and repairs' basis.

Ms G says she contacted Revolut for an update on her claim and it was at that point she was told it hadn't been successful. Ms G subsequently complained to Revolut about the outcome of the claim and that they hadn't told her about this so wasn't able to provide further evidence as to why her claim should succeed.

Revolut didn't uphold Ms G's complaint saying, in summary, that the merchant had provided a valid defence to the chargeback claim of £5,545.

Ms G didn't agree and complained to us. Our investigator looked into things and said that Revolut hadn't made an error as they had followed the chargeback scheme requirements as required. Ms G disagreed and pointed out that the Consumer Rights Act 2015 allows her to reject the car. She also mentioned that the merchant wasn't allowed to sell the car as 'sold as seen'.

Ms G asked for her complaint to be passed to an ombudsman for a 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.

It's clear that Ms G isn't satisfied with the car that she paid for. She's explained that the law is on her side and she's entitled to reject the car.

I accept that the Consumer Rights Act 2015 gives a consumer rights against a seller. However, Revolut isn't obliged to help Ms G enforce her rights under this Act in the same way a court might. The only way Revolut could have helped Ms G is through the chargeback process and it's important to note that what the Consumer Right Act 2015 requires and what is required under the chargeback process are two different and separate things. So, I will be looking at whether Revolut did anything wrong in the way that they handled the chargeback claims.

what is a chargeback?

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules.

What this means here is that Revolut can in some circumstances ask for a transaction to be reversed if there's a problem with the goods or services supplied by the merchant that the consumer paid for. But the chargeback process doesn't give the consumer legal rights and it isn't guaranteed to result in a refund. It all depends on what the merchant says in response to the request the bank submits.

There first must be a right to apply for a chargeback under the card scheme rules. And I'd consider it to be good practice for Revolut to raise a chargeback if it has a good chance of being successful.

It's important to note that chargebacks are decided based on the card scheme's rules, not the relative merits of a cardholder/merchant dispute. So it's not for Revolut – or me – to decide whether Ms G should be allowed to reject the car and get her money back or for it to be repaired at no cost to her. Revolut should raise the appropriate chargeback and consider whether any filed defence complies with the relevant chargeback rules. From what I've seen, that's what Revolut likely did in respect of the claim for £5,545. I'll explain why.

As I've mentioned, Revolut raised two chargebacks for Ms G. I'm unclear exactly what reason code Revolut used for this. The most appropriate one would likely have been the reason code 'goods not as described or defective'. However, I think it very likely that the merchant's defence to the claim for £5,545 would still have been presented in the same way, even if that reason code wasn't used (and should have). I say this as their defence refers to the car as being 'sold as seen' without warranty which effectively means that it denied any liability for the condition of the car.

I note that the chargeback for £200 was refunded back to Ms G's account. So I can understand why Ms G thinks that other claim should also have been refunded because it was all to do ultimately with one transaction, which was the purchase of the car.

However, the claim for £200 remained refunded because the merchant didn't reply to that particular claim. That doesn't mean the claim was successful. It remained refunded because of a lack of defence from the merchant. That was a decision made by the merchant for whatever reason it decided. As the merchant provided a defence to the claim for £5,545, the same justification didn't apply. And the merchant's defence was enough to mean the chargeback for that particular claim didn't succeed.

Where the merchant challenges a chargeback, a bank doesn't have to carry out a detailed investigation into what actually happened to decide which party deserves the money. In fact, most banks won't take a chargeback any further if it's defended. In this case, Revolut decided not to take the dispute any further because they didn't think it had a reasonable prospect of succeeding. And I can't say that Revolut made any mistake or acted incorrectly by making that decision.

I realise that Ms G feels that Revolut didn't act reasonably as she had to contact them for an update on the chargeback claim and it was only at that point that she was told it hadn't been successful. Ms G also says that she wasn't given a chance to provide any further evidence to Revolut about her claim. I don't though think that Ms G would be in any different position because of this. I've seen no reason bearing in mind how the chargeback process works why Revolut should have taken the matter further. As I've said, the merchant provided a defence and a further challenge to that would I think likely have resulted in it being defended

again.

I do recognise Ms G's strength of feeling about all that's happened here. And I have no doubt that this has been a very stressful experience for her as she's ended up with a car that she can't use and for which she's paid a large sum of money. But I can't fairly and reasonably ask Revolut to return the money to Ms G in circumstances where the chargeback hasn't succeeded.

While I appreciate that this will be very disappointing for Ms G, for the reasons given above, I do not uphold this complaint.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 30 December 2022.

Daniel Picken
Ombudsman