

The complaint

Mrs C complains that Revolut Ltd declined to raise a chargeback in relation to her debit card payment for a tour that was not what had been described when she paid for it.

What happened

In December 2021, while Mrs C was on holiday overseas, she paid her hotel for a guided tour on a boat for herself and three other adults. She paid \$476 with her Revolut debit card. It was supposed to be an all day tour and was meant to include snorkelling in shallow water for non-swimmers. But on the day of the tour, after she got on the boat, it turned out to be a two or three hour tour only, and the snorkelling was in deep and choppy water which was unsuitable for non-swimmers.

Mrs C asked Revolut to refund her purchase, as the service she had paid for had not been what was described. She also said she had been overcharged by \$40, as the advertised price had been \$109 per adult. But Revolut did not raise a chargeback. It said that the chargeback rules only allowed a refund for a service which was not as described if the cardholder cancelled the service. Since Mrs C hadn't cancelled the service, Revolut said there was nothing it could do under the chargeback scheme.

Mrs C said that was ridiculous, because she hadn't known that the service was not going to be what was described until after she had got on the boat, and by then it was too late. She pointed out that she could hardly be expected to jump off the boat and swim to shore. And she said Revolut had failed to deal with the fact that the tour provider had overcharged her. She referred this complaint to our service. (That was quite some time ago, and I would like to take this opportunity to apologise to both parties for how long it has taken to conclude this case.)

One of our investigators considered this complaint, but decided not to uphold it. She said that Mrs C had no remedy under the chargeback rules, because she had not cancelled the service. As a chargeback claim would not have succeeded, Revolut did not have to raise one. Mrs C was dissatisfied with that answer, and she asked for an ombudsman to review this case.

I wrote a provisional decision which read as follows.

What I've provisionally 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.

Revolut has no discretion to depart from the chargeback rules, which have to be strictly followed. Where a dispute is raised on the ground that the service provided was not as described, a chargeback can normally only succeed if the cardholder cancelled the service. However, there is an exception to this in footnote 2 in rule 11.10.4.2, which says:

“For Disputes related to services that cannot be cancelled, the Cardholder must request a credit from the Merchant.”¹

Mrs C has provided evidence that she did that at the time. This is an incident report dated 14 December 2021, consisting of handwritten notes on a printed form with the hotel's letterhead. After setting out what was wrong with the tour, Mrs C wrote that she wanted a full refund. She has told me that she sent a copy of this form to Revolut (but I will enclose a copy with this decision for Revolut's ease of reference).

Based on that evidence, I currently think that Revolut should have raised a chargeback dispute. I don't think that Mrs C would have got a full refund, because a tour was still provided, but as the tour was considerably shorter than was advertised I think that a partial refund might have been obtainable. So I am minded to uphold this complaint on that basis.

(There is a separate chargeback reason for overcharging, but it only applies if the service is cancelled, and there is no exception. So no chargeback dispute could have been raised for that issue.)

So my provisional decision is that I intend to uphold this complaint. Subject to any further representations I receive from the parties ... I intend to order Revolut Ltd to refund a portion of Mrs C's debit card payment.

Responses to my provisional decision

Mrs C said that she should get at least 50 per cent of what she had paid. Revolut had nothing to add. So there is no reason for me to depart from my provisional findings, and I confirm them here.

It just remains for me to decide what proportion of the price should be refunded. I take into account the fact that a tour was still provided, but that it was disappointing. Food was still provided, albeit that this was a lunch menu served at 10:30. The tour was also shorter than advertised, but I think that this shortcoming is mitigated by the fact that this left Mrs C's party with enough time left in the afternoon to do other things. However, snorkelling for inexperienced swimmers was advertised as part of the tour, and I think that this would have been a key attraction of the advertised experience. This was not provided, and so I think this justifies refunding more than half of the price. I think that 60% is fair compensation overall. So I will order Revolut to refund 60% of the sterling value of the transaction.

My final decision

My decision is that I uphold this complaint. I order Revolut Ltd to pay Mrs C \$285.60 (or the sterling equivalent).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 20 July 2023.

Richard Wood
Ombudsman

¹ See *Visa Core Rules and Visa Product and Service Rules*, 17 October 2020, page 724.