

The complaint

Miss D is unhappy with how Revolut Ltd handled a claim she made to it in respect of a transaction on her debit card.

What happened

The parties are familiar with the background details of this complaint – so I will briefly summarise them here. It reflects my informal remit.

Miss D purchased some high value electrical goods online from a seller through an online marketplace ('the merchant'). She paid almost £5,000 using her Revolut debit card.

Miss D said she decided she didn't want the goods. So she didn't open these and returned the goods to the seller. However, the marketplace would not refund her in accordance with its policies claiming the original goods did not arrive back.

Miss D did not get satisfaction by disputing matters with the merchant. So she raised a dispute with Revolut. It raised a chargeback, but discontinued the process when the merchant submitted its defence.

Miss D says that Revolut could have done more to get a refund and it did not properly investigate her case. She says she is now significantly out of pocket.

Our investigator did not uphold this case so the matter has come 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 might not comment on everything (only what I consider key) this is not meant as a discourtesy to either party – it reflects my role resolving disputes informally.

I am sorry to hear about Miss D's issue with the items she paid for. However, it is worth noting here that Revolut is not the supplier of the goods. So when looking at what is fair I consider its role as a provider of financial services – and what it could have done to help with the information that was reasonably available to it at the time. As Miss D used her debit card to pay for the goods in dispute I consider the chargeback scheme to be particularly relevant here.

Chargeback

Chargeback is governed by the card schemes and is not set down in law. It is also worth noting that chargeback is not the same as Section 75 of the Consumer Credit Act 1974 (which doesn't apply here) so Revolut isn't responsible for breach of contract or misrepresentation by a supplier of goods or services more generally.

In this case I understand the relevant card scheme is MasterCard so I have considered its rules here.

A chargeback can be raised in certain circumstances as long as there is an applicable chargeback rule, and the requirements of that rule are met. Here I note that a relevant chargeback rule for Miss D's dispute would relate to a '*credit not processed*' as she is claiming a credit from the merchant for returning goods.

Here I see that Revolut did raise a chargeback because Miss D did not get a refund for the goods she said she returned. This seems like a fair step to take in order to help Miss D.

However, a chargeback is not guaranteed to succeed and it can be defended by the merchant. In this case I can see that the merchant provided a detailed response as to why it was refusing to concede the chargeback. It essentially claimed that although items had been posted back the boxes had been opened and the items returned were not the original goods. It provided further information to explain its investigation into the issue and why its stance was not to agree to a refund. It also said that it had suspended Miss D's account. Revolut provided that information to Miss D and did not take the chargeback further.

It is important to note that Revolut does not decide who wins or loses a chargeback. However, Revolut could have taken the chargeback further and re-presented it to the merchant and potentially pushed it to arbitration by the card scheme. It is arguable whether it fairly should have. However, looking at the circumstances it appears there was not a reasonable prospect of success here. I say this because:

- the merchant strongly contested the chargeback and I don't think there was significant new information that would lead it to change its stance were that chargeback re-presented; and
- due to the nature of the dispute and claims made by the merchant I think there are doubts as to how the card scheme would be able to effectively arbitrate in Miss D's favour here. Particularly noting that it would be unlikely to compel evidence or cross examine in a similar way to a court (which this matter is arguably better suited to than the chargeback scheme). I know Miss D provided Revolut with postage tracking information and the merchant's systems showing an item had been received back and with an initial indication she would be refunded - but in light of the subsequent claims being made by the merchant I don't think that would be enough to say Miss D would likely have got a positive outcome here had the chargeback progressed to arbitration.

So it seems Revolut was not acting unreasonably in not pushing the chargeback further here. But even if I agreed that Revolut should have pushed things further – I don't think there is a clear cut case to show that its actions have deprived Miss D of funds she would likely have recovered through the chargeback scheme in any event.

It is worth underling here that my decision is not determining what occurred with the goods or saying that Miss D did anything wrong. It isn't clear what happened here. But I am looking at whether Revolut acted fairly as a financial provider and if its actions likely caused Miss D a loss. For the reasons given here I think it did act fairly and did not likely cause a loss in any event.

Miss D does not have to accept my decision – and is free to consider other avenues to pursue this matter – such as court.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 5 September 2024.

Mark Lancod
Ombudsman