

The complaint

Mr A complains that Revolut Ltd failed to properly pursue a chargeback request.

What happened

In March 2024 Mr A made two payments for a trip for his family to a travel organisation ("the Merchant"). The first was for £13,749.83 and the second was for £14,425.83. This totalled £28,175.66.

The Merchant told Mr A that due to overbooking it would have to offer him alternatives to what had been agreed. Mr A declined these and asked for a refund. The Merchant sent Mr A an email that a refund had been processed, but this was not received into his account. He contacted Revolut in June 2024.

Revolut raised a chargeback but the Merchant provided a defence and so it decided not to pursue it further. Mr A complained and Revolut said it had followed the correct procedure, but due to the Merchant challenging the chargeback it could no longer pursue it.

Mr A brought a complaint to this service where it was considered by one of our investigators who recommended it be upheld. Revolut told this service that the Merchant had claimed no changes had been made to the booking. Our investigator reviewed the evidence and concluded that the Merchant had offered Mr A a refund. He also felt that Revolut had used the wrong reason code when making the chargeback. He felt it should have used the 'credit not processed' reason code rather than the 'not as described reason code.

Revolut didn't agree and said that as the package had been downgraded it was not as described and this offered the best route to making a successful claim. It had tried to make a successful chargeback and had no interest in it failing. Our investigator didn't think the challenge from the Merchant was persuasive and he felt Revolut should have taken it further. Revolut said the Merchant had shown no changes had been made to the booking and the email showing the Merchant had offered a refund did not have an official email address or a similar signature to other documents. It noted the Merchant allowed a grace period of 72 hours for cancellations but Mr A had not done so until two months had passed.

Revolut asked that the matter be considered by an ombudsman.

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 asked both parties for more details. Mr A gave me a summary of event plus copies of booking documents etc which had been submitted previously. He explained that he had been called by the Merchant to notify him his flights had been downgraded from business class and the accommodation had been changed. He also supplied an email from the Merchant dated 17 March confirming a change in his booking and letting him know he could ask for a refund. He requested a refund on 18 March and it had responded offering a refund

on 31 May. Revolut said it had already provided all the material it had including the evidence from the Merchant.

Before I give my view I should explain how a chargeback request works. Chargeback allows for a refund to be made of money paid with a credit or debit card in certain scenarios, such as when goods have been paid for and not received. A consumer cannot insist on their card company attempting a chargeback, but I would expect it to attempt one, as a matter of good practice, if there was a reasonable prospect of succeeding and to do so would be compliant with the rules of the card scheme to which the card belongs, in this case Visa.

As our investigator noted, chargebacks are subject to the rules set out by the relevant card scheme whose logo appears on the card. The card schemes are not within the jurisdiction of the Financial Ombudsman Service and we are unable to require them to run their chargeback schemes in a particular way. However, we can consider whether a card issuer has applied the rules correctly and conducted the chargeback process in a competent manner.

I have considered the reason code used by Revolut and can see why it was chosen. I believe it was not unreasonable to have used that reason code, but it may have been more effective to have used the one for credit not processed. However, it seems that the Merchant was not minded to accept the chargeback and so I suspect it would have pushed back regardless.

What I have struggled with is why the Merchant would have rejected the chargeback. Indeed, I cannot see why it did not process the refund. The records show that the trip was booked on 14 March and the changes to it were made by the Merchant on 17 March. We have a 'Refund Request Send Notification' from the Merchant on 18 March which states: "*A refund request has been sent to the relevant department. You will be notified if there is any update on your request.*"

Mr A cancelled just outside the 72-hour window the Merchant allows for cancellations without reason, but it was within 72 hours of the changes being made to his booking. On that point I have noted the Merchant apparently said that it had not changed the booking, but the documentation I have seen suggests otherwise. I think it reasonable for Mr A to have sought to cancel when the changes were made and to have done so within 72 hours.

I don't believe that was properly tested with the Merchant and it seems Revolut was quite quick to accept the Merchant's pushback. In the circumstances I consider it would have been appropriate to challenge the Merchant rather than simply accede to its position.

I also have reviewed the email from the Merchant which notifies Mr A that it has processed his refund. I am satisfied that it is genuine and comes from the Merchant. The sender's email address is correct and I see no basis for suggesting it is anything but genuine.

In conclusion I think that Mr A had a good claim for his chargeback request and it merited being taken to appeal and certainly the Merchant being challenged rather than its claims being accepted.

Putting things right

Revolut should refund Mr A the full amount of £28,175.66. It should also pay him 8% annual simple interest on this amount from the date the claim was declined, being 7 October 2024, until date of settlement.

My final decision

My final decision is that I uphold this complaint and I direct Revolut Ltd to refund Mr A as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 18 April 2025.

Ivor Graham
Ombudsman