

The complaint

Ms M has complained that Revolut Ltd failed to process chargebacks on a number of transactions she disputed and that it also failed in its duty of care to her as a vulnerable consumer.

Background

Ms M requested chargebacks on 357 transactions totalling £2,999.05, to a retailer I'll call 'J' through Revolut. She has said that J was acting fraudulently and is being investigated for illegal activity through a third-party regulator. She thinks that Revolut, who did refund one £10 transaction, ought to have refunded all the transactions she disputed. She has also said that it should have realised she was sending money to a risky website and prevented her from spending so much money on it.

Revolut has said that it wasn't possible to provide chargeback refunds on the transactions Ms M disputed. This is because they weren't covered by the rules of the chargeback scheme which are set out by Visa and not Revolut itself. It has clarified that the £10 refund it did provide was a gesture of goodwill and not a refund that was formally processed via the chargeback scheme. As the rules for chargebacks didn't cover the situation Ms M found herself in the business didn't think it had done anything wrong and didn't uphold her complaint.

Unhappy with the response from Revolut Ms M brought her complaint to our service. One of our investigators looked into it already. She found that the transactions Ms M wanted refunded weren't covered by the chargeback scheme and so didn't think Revolut was wrong to decline them. She also said that the business was unaware that the website Ms M was using was potentially operating dishonestly and that there was nothing to indicate Ms M was at risk from the transactions she was making. So, she didn't think Revolut had failed to identify clear signals of vulnerability and didn't uphold the complaint.

Revolut accepted the investigator's findings, but Ms M didn't. In response to the view Ms M said that the transactions were out of character for her and Revolut should have treated them as gambling transactions and blocked them. So, she still thought the business should refund the transactions in full.

As Ms M didn't agree with our investigator, she asked for an ombudsman to review her complaint again and so it's been passed to me for consideration.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so I agree with the outcome reached by our investigator and for much the same reasons, so I'm not upholding Ms M's complaint and won't be asking Revolut to refund any of the transactions in question. I know this will come as a disappointment to Ms M so I've set out my reasons below.

I want to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I also want to acknowledge that I've summarised the events of the complaint. But I want to assure both parties that I've reviewed everything on file. 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. Our powers allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

It's also important to clarify that I don't doubt what Ms M has said about how J was operating or the fact that it is now being investigated by third party bodies for potential dishonest activity. However, I don't need to establish whether or not J was acting dishonestly or illegally to fairly decide this case. Rather I'm deciding whether Revolut processed Ms M's requests in line with the rules set out by Visa under the chargeback scheme, and whether it treated Ms M fairly as expected by the regulator. For the sake of clarity, I will address these two considerations separately.

Chargeback requests

Ms M contacted Revolut on 31 July 2024 to make 357 separate chargeback requests against J. Initially these were submitted as fraud requests. However, that was the incorrect categorisation because in the context of a chargeback request 'fraud' means that the person making the request believes the transactions happened without their knowledge or consent. In other words, that someone used their debit card fraudulently, not that the retailer was behaving fraudulently.

When Revolut realised the requests had been submitted incorrectly, it resent them as disputed transactions on 1 August, which is a request where the consumer believes that they've not received the product or service they paid for. This better matched the concerns Ms M had about J and so I think it was appropriate to redefine them in this way.

However, Ms M was unable to provide any evidence to support the allegation that J, a website that essentially provided consumers opportunities to enter prize draws and games, hadn't provided the services she had paid for. And without any evidence to support her allegation Revolut was unable to progress the chargeback requests.

While I can understand why Ms M is so upset the chargebacks weren't successful, I can't say that Revolut was wrong to refuse them. I say this because Ms M was unable to provide any evidence that proves she wasn't included in the prize draws she had paid for. And while I understand that J is now under investigation, this wasn't the case at the time. And there are limitations around what the chargeback scheme can be used for and how much time consumers have to submit requests and supporting evidence.

Ms M has queried why she received a refund on one £10 transaction from Revolut but not the others. This has caused her a lot of confusion as it seems to contradict what the business has said about chargebacks in general. I have full sympathy for Ms M on this point as it does seem contradictory that she would get a refund on one, but not all transactions.

Revolut has confirmed that it refunded the first £10 transaction as a good will gesture. It had been submitted as a disputed transaction before the remaining 356 transactions were resubmitted on 1 August and so the business thought it was a single low value issue. As a

good will gesture it covered the cost of the refund itself without submitting a formal chargeback request. However, when the remaining transactions, with a combined total of almost £3,000 was submitted, Revolut followed the formal chargeback process, which resulted in the requests being declined for the reasons set out above. I don't think it was unreasonable for Revolut to have done this and I hope this clarifies the matter for Ms M.

Therefore, while I understand Ms M is very upset by the behaviour of J and what she believes was dishonest and illegal behaviour, I hope she understands why her chargeback requests were unsuccessful.

Supporting a vulnerable consumer

Ms M has also asked why Revolut didn't contact her before July 2024 to query the amount of money she was spending on J's website. She believes the volumes of transactions were out of character for her, and that as a vulnerable consumer Revolut owed her a duty of care.

It is unclear whether or not Revolut realised Ms M was in a vulnerable position prior to her contacting it in July 2024. She has told us that she has physical health issues as well as mental health issues that mean she needs additional support. However, I can't see that she had disclosed this to the business or asked it to provide specific additional help for her.

I think it would be useful to clarify that payment accounts aren't actively monitored by people anymore. Even when we call to speak to bank representatives on the phone the people we speak to may only have access to limited information linked to the specific question we ask and not sight of the entire account, or individually listed transactions.

Which means no one in Revolut was reviewing the information on Ms M's account in the way she might assume they were. Manual reviews, where a staff member actively reads account statements and sees the types of transactions that are taking place, only happen when there is a specific risk identified that prompts the business to think such a review is necessary. Or where a consumer asks for a review directly or has an agreement in place with the business that such a review will take place.

Instead, for most of the time, businesses rely on algorithms to identify risk to the account and the account holder. And those algorithms are primarily designed to look for things like evidence of financial harm, such as direct debits going unpaid, or people going into unarranged overdrafts or exceeding agreed overdraft limits. This would also include looking out for indications of financial harm from fraud and scams, such as uncharacteristic payments or account activity matching known patterns of fraud.

In Ms M's case, there was never any evidence of financial harm, in the sense that at no point in time did the account show bills returned unpaid, or Ms M using an unarranged overdraft. Instead, the spending on the account was all kept within the funds available and so nothing would have flagged to Revolut that Ms M was spending in a harmful way.

Ms M was fully authorising all the transactions to J, using her card details and 3D Secure (3DS) authentication. The payments were also spread out in amongst other undisputed spending. So I don't think there was any indication the payments might be linked to unauthorised fraud.

While Ms M suggests the volume of the transactions should have flagged as uncharacteristic, I think the spread of the payments, in amongst other spending, actually meant they appeared in keeping with her expected account activity. They weren't for significantly higher amounts than her other payments. And I've not seen anything compelling to suggest Revolut ought to have been concerned about J at the time. I therefore don't think

the payments should have been flagged as indicative of a scam, meaning I don't think Revolut had cause to enquire further to see if Ms M needed support.

Therefore, I can't make a finding that Revolut failed to identify indicators that Ms M may be vulnerable and so I can't uphold her complaint on that basis.

All of which means I don't think Revolut was wrong in how it handed the chargeback requests, and I can't reasonably say it failed to offer additional support where it was clear such support was needed. Which means I can't uphold Ms M's complaint.

My final decision

For the reasons set out above I don't uphold Ms M's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 15 April 2025.

Karen Hanlon
Ombudsman