

The complaint

Mr K complains Revolut Ltd didn't do enough to help get a refund for a transaction made on his debit card.

What happened

Mr K purchased a pair of trousers in June 2024, while abroad. Upon returning home Mr K realised a security tag was still attached to the trousers. Having tried to resolve the issue with the retailer, Mr K asked Revolut for help in getting a refund on the basis the trousers with the tag still attached were defective.

Revolut said it couldn't help. It said as Mr K had paid for the trousers in store, it couldn't consider a dispute about their quality as Mr K would have seen them before making the payment. Unhappy with this response, Mr K complained.

Revolut didn't agree it had done anything wrong. It said the only route to help Mr K was via a chargeback, a process of asking the retailer for a refund, via rules set out by the card scheme provider – VISA. However, as Mr K made the purchase in store, Revolut maintained it couldn't raise a dispute about the quality of the goods. Revolut also said it had provided the appropriate level of support when Mr K contacted it.

I issued a provisional decision, setting out what I thought Revolut should do to resolve the complaint, I said the following:

I'm looking here at the actions of Revolut and whether it acted fairly and reasonably in the way it handled Mr K's request for help in getting his money back. Mr K paid for the trousers using his debit card. This meant the only realistic option available to Revolut to get his money back was to engage with a process known as chargeback.

The chargeback process provides a way for Revolut to ask for a payment its customer made to be refunded. Where applicable, it raises a dispute with the supplier and effectively asks for the payment to be returned to the customer. There are grounds or dispute conditions set by the relevant card scheme (VISA) and if these are not met, a chargeback is unlikely to succeed. The process gives an opportunity for a supplier to provide a defence to the chargeback and its own evidence in support of that defence. If the supplier continues to defend the chargeback, Revolut can either accept that defence, if it believes it's valid, or, it can ask the card scheme to decide who gets to keep the money – usually referred to as arbitration.

Revolut declined to raise a chargeback on behalf of Mr K on the basis his dispute didn't fall within the chargeback scheme rules, so wouldn't have succeeded. So, my decision will focus on whether it acted fairly in making this decision.

The chargeback reason code most applicable to Mr K's dispute is "Not as Described or Defective Merchandise/Services".

Revolut declined to raise a chargeback on Mr K's behalf saying as he'd made the payment in store, it wasn't possible to argue the goods weren't as described. I would accept this logic if the dispute related to say a stain on the trousers which would have been visible to Mr K before making the purchase. However, I think it would have been more appropriate to consider the trousers as defective as the security tag hadn't been removed, meaning they couldn't be worn as intended. Mr K would have been aware of the security tag when making the decision to buy the trousers but would have expected it to be removed at the point of purchase, and the failure to do this caused the problem.

Therefore, I think Revolut's decision not to raise Mr K's chargeback on the basis the purchase was made in store was incorrect. I've then gone on to consider what's most likely to have happened had Revolut considered the circumstances of Mr K's dispute further.

A condition of the above chargeback reason code is the following:

Before the Issuer may initiate a Dispute, the Cardholder must return the merchandise or cancel the services. If the Cardholder is unable to return merchandise that was delivered or installed by the Merchant, it is sufficient for the Cardholder to attempt to return the merchandise.

So had Revolut looked into Mr K's dispute further, I think it's likely to have asked whether he had returned the trousers. I understand Mr K called the store where he made the purchase and was recommended to return them in store. However, in reviewing the stores website, I can see it also sets out how to return purchases made in store, if living abroad. So, there was a route for Mr K to return the trousers.

For Revolut to consider Mr K's chargeback any further, he would need to have evidenced he'd returned or attempted to return the trousers in line with the stores returns policy. I can't say what decision Mr K may have made, in relation to returning the trousers – but whether he did or didn't, I think it's unlikely Revolut would have proceeded further with the chargeback.

I say this because Mr K would have had to decide whether to return the trousers and as it was an overseas return, he may have decided the cost to do so was prohibitive. Had Mr K made this decision, as he hadn't attempted to return the trousers, his dispute wouldn't meet the chargeback scheme rules, so Revolut wouldn't have progressed it further. And had Mr K returned the trousers in line with the store returns policy, I think it's reasonable to say he's likely to have received a refund from a store directly, again meaning Revolut wouldn't have needed to proceed further with the chargeback.

So, while I think Revolut declined to raise Mr K's chargeback for the incorrect reason, had it considered his chargeback further, I think it's unlikely to have been raised, or have been successful for the reasons set out above. So, I don't think it would then be reasonable to say Revolut should refund Mr K the value of the trousers based on the reason it declined to raise a chargeback.

I do however think the service Revolut provided Mr K could have been better. Had it correctly considered the circumstances of the chargeback against the card scheme rules, I think it would have identified that Mr K needed to return the trousers before it could assist any further. This would have then given Mr K a better understanding of what he needed to do if he wished to go ahead with a chargeback and likely have resolved the matter in a more timely manner. Therefore, to recognise this, I think Revolut should pay Mr K £100 for any inconvenience caused.

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.

Mr K accepted my provisional decision. Revolut disagreed, raising the following points:

- Mr K had the opportunity to inspect the trousers after purchase before flying home.
- Having spoken to the store Mr K had been told it would refund the transaction after he'd returned the trousers.
- It's illogical to uphold the complaint when the ombudsman has concluded the chargeback wouldn't have succeeded.
- It was better customer service for Revolut to decline the chargeback claim, rather than tell Mr K to return the trousers and then decline the claim.
- The recommendation of £100 compensation is disproportionate when considering the cost of the trousers.

I've taken everything on board, having done so, so I've reached the same conclusions as those of my provisional decision.

In considering Revolut's response, it's highlighted the customer journey and I wanted to confirm this is why I'm upholding this complaint. Revolut has said it was most efficient to outright decline the claim, however I think it's evident that wasn't the case, as Mr K didn't understand or accept that his claim had been declined based on the explanation Revolut gave.

As set out in my provisional findings, I think Revolut incorrectly declined Mr K's chargeback. While I acknowledge the same outcome is likely to have been reached – that Mr K's chargeback didn't succeed, had it been correctly considered, I've given thought to whether Revolut did enough to support Mr K and his understanding in the process. Had Revolut acknowledged it may be possible to consider a chargeback on the basis the trousers were defective, it's likely a question would have been asked about whether they'd been returned. In doing this Revolut would have better supported Mr K in reaching a favourable outcome to his underlying problem – getting a refund for the trousers.

Revolut has highlighted that Mr K could have checked the trousers after buying them, before flying home. While that may have been possible, I don't find this changes the basis of Mr K's reason for asking for help, being that he's bought an item that can't be worn as intended, so is defective.

When considering compensation, our service has published guidance on awards we may make. In relation to Mr K's complaint, I do think Revolut could have done more to assist Mr K and as a result inconvenience was caused. My decision is therefore that it's appropriate for Revolut to pay compensation to acknowledge this and that £100 is fair in the circumstances.

My final decision

My final decision is that I uphold this complaint and direct Revolut Ltd to pay Mr K £100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 2 April 2025.

Christopher Convery
Ombudsman