

The complaint

Mr W complains about the way Revolut Ltd handled his request for a refund.

What happened

On 4 October 2022, Mr W ordered ten mobile phones (the 'goods') as one order (from an online marketplace ('T')). He used his Revolut (Visa) debit card to make the payment of £9,595.49. In February 2023, Mr W contacted Revolut saying T hadn't refunded him for the goods he'd returned. Mr W said the goods had been faulty, so they were returned to T, and he showed tracking details as evidence of a return being made on 16 February 2023.

Initially, Revolut said it wouldn't initiate a chargeback because it'd been brought outside of the relevant scheme rule timeframes, but it later agreed to do so after Mr W showed there was a delay to receiving his order. However, following a defence submitted by T, Revolut declined to pursue the matter further. Mr W told Revolut at the time (April 2023) that he'd pursue the matter via the small claims Court process. However, in September 2024, he complained to Revolut about how it handled his chargeback claim. Revolut rejected Mr W's complaint saying it had acted correctly.

Our investigator didn't think this complaint should be upheld. In brief, they didn't think Mr W's chargeback had a reasonable prospect of success. But Mr W disagreed saying he had provided (and still has) evidence of the goods being returned so he considers Revolut were wrong for not continuing with the chargeback. Mr W asked for an ombudsman to consider the matter.

I issued a provisional decision which I've set out below. I said I wasn't intending to uphold the complaint as I didn't think the chargeback had a reasonable chance of success. Revolut accepted by provisional decision – Mr W did not. In summary, he said he wanted me to reconsider: the issue with the reason code; evidence he provided wasn't properly submitted via the chargeback scheme; there was no clear indication whether case progressed to arbitration stage; and applicable timeframes were incorrectly applied. He added that in terms of the court case, this wasn't unsuccessful due to lack of merit but rather because T had locked him out of his (T) account and because of the cost of taking matters via the court, he was unable to pursue this route further. He said this is why the chargeback process exists – to protect consumers when merchants act unfairly. Mr W also suggested a number of ways he wanted to resolve things including that he wanted Revolut to resubmit his claim.

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'll start by thanking both parties for providing responses to my provisional decision. And I want to ensure Mr W that I've reconsidered everything including the further submissions he sent to me, but I remain of the view that I'm not upholding the complaint and for the same reasons as that set out in my provisional decision which are as follows:

In deciding what I believe to be fair and reasonable in all the circumstances, I'm required to consider relevant law, rules, guidance, codes of practice as well as what I consider to have been good industry practice at the time. Although I've read and considered the whole file, I might not comment on everything (only what I consider key) and this is not meant as a discourtesy to either party – but rather it reflects my role of resolving disputes informally.

It's important to note here that Revolut is not the supplier of goods. Therefore, when I consider if it has acted fairly, I am looking at its role as a provider of financial services only – and if Revolut acted fairly in its handling of the dispute based on the information it was provided or was reasonably available to it at the time.

As Mr W used his debit card to pay for the goods in dispute, I consider the chargeback scheme to be particularly relevant here. A chargeback is the process by which certain disputes are resolved between card issuers (Revolut) and merchants (T), under the relevant card scheme rules (Visa). There's no automatic right to a chargeback; the chargeback process doesn't give consumers legal rights; and chargeback is not a guaranteed method of getting a refund because it may be defended which is what happened here.

Revolut used the Visa reason code (rule) 'cancelled merchandise' – this covers a situation where: *"The Cardholder cancelled or returned merchandise"*. And: *"The Merchant did not process a credit"*. I note Mr W says he let Revolut know the return was because of faulty goods, and therefore, it should've raised the dispute under the Visa reason code: *"Defective Merchandise"*. But, from what Mr W told Revolut, and was accepted on the face of it by the bank, T had already agreed to accept the return which would suggest it wasn't disputing the goods were faulty. I think this reason code fairly reflects the dispute described to Revolut.

Under the 'returned merchandise' reason code there are several conditions that need to be met for it to be valid including: the cardholder cancelled or return the merchandise; the merchant didn't process the credit that was due; the cardholder must return the goods if received; and before the card issuer can initiate a dispute, the cardholder must have attempted to resolve the dispute with the merchant. There are also time limits, but I don't think I need to consider these in detail here as I don't think it changes the outcome. So, the issue isn't just one of returning the goods, it's also about whether (or not) all the other conditions were met. And with these in mind, I don't think Mr W's chargeback had a reasonable chance of success. I'll explain why.

Mr W asked Revolut to initiate the chargeback in March 2023. Upon receiving notice of this via its bank, T emailed Mr W on 15 March 2023, saying: *"If you returned merchandise, please send up the tracking information...In the future, we recommend you reach out to our customer service department....to resolve any issues related to purchases before contacting your credit card company."* So, at the point the chargeback had been initiated, it doesn't appear that Mr W had, in fact, tried to resolve the issue directly with T which is a condition of the 'returned merchandise' chargeback rule – and it should be noted that it is also a condition of the 'defective merchandise' rule.

Mr W has provided some extracts of what appears to be text messages between himself and T discussing a return of goods. He's also provided an email dated 20 February 2023 showing that there'd been a delay in processing his return. But unlike the email from T dated 15 March 2023, there isn't any information in these messages linking them to a particular order. Mr W had several disputes with T at the time, including one involving identical goods to the one in dispute here. In any event, even if I were satisfied Mr W had met the condition of attempting to resolve matters with T (which I'm not), I don't think there's persuasive evidence of T agreeing to the refund.

In its defence documents, T said that the order wasn't cancelled before delivery and no refund was due. Mr W says the issue wasn't about cancelling before the delivery but after delivery due to the goods becoming defective. Nonetheless, I can't see that he was entitled to a refund under T's refund policy which was enclosed with its defence documents. A refund is only payable if goods are returned within 30 days of the delivery date and according to Mr W, the goods were returned after this period had lapsed. Further, whilst a refund was possible for defective goods, this would only be after one attempted repair/replacement. And I can't see any grounds under T's refund policy, for a refund being due in relation to the other nine items that were part of this order. So, whilst I know T's defence documents didn't cover all of Mr W's points, I think Revolut had even less evidence to support his claim that he was due a refund.

More recently, and over a year since the issue was raised with Revolut, Mr W has said he has located two emails dated 23 and 24 January 2023 showing evidence to support his refund request had been accepted by T. In these emails, T appears to be accepting there's a problem with the goods and agrees to a refund. But as far as I can tell, these emails weren't submitted as part of Mr W's claim which was initiated by Revolut in March 2023. And Mr W provided this evidence to us in December 2024. Mr W says he has been locked out of his account with T so wasn't able to provide this information until recently. I'm sorry to hear this was the case. But I don't think Revolut was being unfair or unreasonable for not taking into account evidence it wasn't presented with.

In terms of Mr W's point about returning the goods, the only substantial evidence he's provided is tracking details for a package delivered to T on 16 February 2023. As I understand it, when it accepts to refund a customer, T will usually provide a QR code or return label (depending on the situation) which enables returns to be linked with the relevant order. Mr W hasn't, as far as I can tell, provided any of these details or other persuasive evidence linking the goods in the package with the order that's the subject matter of this complaint.

I note what Mr W says about sending other goods related to a separate order in the same package. He says T accepted liability after he submitted a chargeback for these goods via another card issuer. This may well be the case. But in the matter in dispute here, T strongly defended the chargeback which I think provided compelling evidence against Mr W's claim that he was entitled to a refund.

All in all, and on balance, I don't think Revolut's decision to not to pursue matters further, was unreasonable. Based on all the evidence I've seen, I don't think Mr W's chargeback had a reasonable chance of success. I note Mr W has complained about delays with Revolut dealing with his complaint. But the earliest I can see he complained to Revolut was on 17 September 2024 and as this was responded to the next day, I don't think there are any delays here.

I've taken on board Mr W's further comments in response to my provisional decision, but I can't see his added anything substantially new. From what I can tell some of this relates to customer service issues such as not making it clear that the matter wasn't progressed to arbitration. But I think, overall, in terms of the customer service provided, Revolut hasn't acted unfairly here. And I've explained why I don't think the timeframes are relevant to my decision and I don't think there's any evidence that Revolut didn't consider everything that was provided to it at the time of the claim. I've noted what Mr W wants by way of resolution but as I'm not upholding this complaint, I won't be asking Revolut to do anything further.

Finally, I appreciate what Mr W says about taking the matter to court. I understand that he hasn't been able to secure a refund through the court not as a result of losing his claim on the merits but rather because of financial constraints he hasn't been able to pursue the matter

down this route any further. I know this is a difficult situation for Mr W. However, it's important to bear in mind that such chargeback schemes don't guarantee to resolve disputes. And when a merchant (T) defends the chargeback, this isn't quite the same as defending an underlying claim. Based on everything I've seen, I don't think Revolut has acted unfairly or unreasonably in terms of how it dealt with his chargeback request.

So, whilst I know this will be a disappointing outcome for Mr W, I'm not upholding this complaint.

My final decision

My final decision is that I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 14 August 2025.

Yolande Mcleod
Ombudsman