

## **The complaint**

Mr S complains that Revolut Ltd (Revolut) has treated him unfairly in relation to its obligation with regard to payments made using his debit card.

## **What happened**

On 8 October 2024, Mr S placed an order with a merchant who I'll call C. The order was to design and build a bespoke wheelchair accessible motorhome. The total cost of the motorhome was £135,573. This was to be paid in three instalments as follows: (1) a deposit of £20,000 (2) an interim payment of £100,000 and (3) a final payment of £15,573.

On 8 and 9 October 2024 Mr S paid £9,999 and £9,849 respectively towards the deposit using his Revolut debit card. Mr S was then informed by C that payment towards the interim invoice was due by paying £60,000 in December 2024 and £40,000 in early January 2025. Mr S paid £9,000 on 14 January 2025, £9,000 on 15 January 2025, £9,000 on 16 January 2025, £9,000 on 17 January 2025 and £9,000 on 20 January 2025. All payments were again, made using Mr S's Revolut debit card.

Mr S says he experienced issues with the merchant in that demands for payment had been made in preparation of the delivery of the motorhome from the manufacturer to C (who would then modify it). However, on a number of occasions C provided an expected date of delivery and the motorhome was not subsequently delivered. Mr S contacted the manufacturer directly and was informed that the motorhome was not due to be delivered to C until around February 2025. Based on the information he had been given by C, Mr S lost faith in it and asked for a refund of monies paid. C refused and so Mr S brought a payment dispute to Revolut.

To clarify, Mr S brought a payment dispute for the 5 payments made to C in January 2025 totalling £45,000. Mr S states C lied about expected delivery in order to take payment from him prematurely. Mr S found this behaviour to be fraudulent and did not wish to make any further payments towards the motorhome with matters being as they were.

Revolut considered the dispute under the chargeback scheme and raised a dispute. C defended the dispute and on review of the information provided by the merchant, Revolut declined to proceed any further due to low prospects of success. Revolut said that Mr S was required to pay £100,000 prior to delivery and as he had only paid £45,000 the merchant defence was valid.

Mr S then brought his complaint to our service. Our investigator reviewed the complaint and said she didn't think Revolut had treated Mr S unfairly with regard to his chargeback dispute. She said the dispute could be considered under reason code 'goods or services not provided'. However, the terms and conditions indicated that delivery of the vehicle would only take place after full payment was made. As there was still £55,000 left to pay, the investigator found the prospects of success of the dispute were low. She explained that the Mastercard rules would take in to account the terms of the contract and in these circumstances, Revolut had not acted unfairly based on the information available to it.

Mr S disagreed and asked for an Ombudsman to consider the complaint. He spoke about how C had induced him to make payments early by misrepresenting delivery dates and stating the manufacturer had been paid in full by C when it had not, the delivery was never intended to be made to him but to C and so the basis of the argument made by the merchant is incorrect, Revolut should have raised the chargeback under reason code 'misrepresentation' rather than 'goods not received' and there has been a failure to address the matter of C having induced Mr S to make payment under false pretences. So, the complaint has now been passed to me to decide.

### **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 would like to start by saying that I have provided a brief summary of the events that occurred above. I intend no discourtesy by this and can assure both parties that I have taken all the information provided into consideration when reaching a decision on this complaint.

In this decision, I'll concentrate my comments on what I think is relevant. If I don't comment on a specific point, it's not because I've failed to consider it, but because I don't think I need to comment in order to reach a fair and reasonable outcome. Our rules allow me to do this, and this reflects the nature of our service as a free and informal alternative to the courts.

I also think it's worth clarifying that I'm deciding whether Revolut acted fairly in assisting Mr S with his dispute against C. I'm not making a finding on the underlying dispute Mr S has with C. When considering what's fair and reasonable, I'm only considering whether Revolut acted in line with its obligations as a provider of financial services.

Chargeback is a voluntary scheme under which settlement disputes are resolved between card issuers and merchants, under the relevant card scheme. A card issuer will review the claim against the possible reasons for a chargeback and look at whether it would be able to make a successful claim for the customer. Card issuers do not have to submit claims and usually will only do so, if it is likely to be successful. We don't expect them to raise a claim if there is little prospect of success.

In this particular case, the relevant card scheme is Mastercard. Mastercard's rules say, "*A chargeback may be initiated if the issuer determines that the transaction was presented in violation of the Rules and that a specific reason is available.*" It is clear therefore that Revolut are required to review the scheme rules and determine whether the transaction was in violation of the rules and specific reasons (as listed in the rules) are satisfied. I have therefore reviewed Mastercard's scheme rules to determine which reason codes are the best fit for the situation which Mr S describes. I have commented on the most relevant reason codes separately below.

The reason code that best applies to Mr S's situation is 'Goods or Services Not Provided'. It requires the cardholder to have engaged in a transaction, and the purchased goods or services were not received. Mr S engaged in payment to C on the basis that this would allow the manufacturer to release the motorhome to C who could then begin modifications. In actuality, Mr S made payment, and the manufacturer was not ready to release the motorhome to C yet, so this did not happen.

The chargeback rules do not leave room for grey area. In response to a dispute raised under 'goods or services not provided' the merchant having pointed out that Mr S has failed to make payment in full so it is not obliged to do anything further at this time is a perfectly valid response. The terms and conditions issued by C at the time of purchase say:

*“10.4 Payment of the Price will be as follows:*

*10.4.1 payment of the Deposit shall be made to Us in full and in cleared funds at the time you make the Order;*

*10.4.2 We shall invoice you for the payment of the Interim Payment on or at any time after We order the Vehicle from the Manufacturer; and*

*10.4.3 We shall invoice you for payment of the Final payment on or at any time prior to Our delivery of the Modified Vehicle to you.*

*10.5 We will invoice you in accordance with clause 10.4. Each invoice will quote the reference number. You must pay each invoice in cleared monied within thirty (30) calendar days at the date of invoice by any of the payment methods specified.”*

As far as I can see, Mr S received an invoice for the interim payment on 6 December 2024, and at this time a balance of £17 was still due from the deposit payment. This invoice stated £60,000 was due at that time and a further £40,000 was due by early January. By mid-January 2025 Mr S had only paid £45,000 of this amount.

The terms explicitly say that the invoice can be demanded at any point after the vehicle is ordered from the manufacturer. So, despite Mr S's concerns about C demanding payment in anticipation of delivery of the vehicle, the contract provided C with the right to ask for the money from when the vehicle was ordered, which we know it had been when the payment demand was made. As the contract terms had been adhered to by C and had in actuality been breached by Mr S at this time in failing to have made payment in full by the dates required, it is very unlikely a dispute would have succeeded if pursued further by Revolut. So, I find it behaved reasonably in declining to proceed after the merchant defence had been received.

Mr S has said Revolut should have raised the chargeback under reason code 'misrepresentation'. I have extensively reviewed the Mastercard scheme rules from the relevant time and there is no separate 'misrepresentation' reason code available. The closest match is 'Goods or Services Were Either Not as Described or Defective' which allows for disputes to be raised in situations where *“The merchant did not honour the terms and conditions of the contract with the consumer including, but not limited to, 100 percent money back guarantee, written promises, or return policy.”* This section also speaks of providing evidence/documentation about the level of quality or misrepresentation.

The issue with this particular category is that the concern is not about a misrepresentation that induced Mr S to enter the contract which turned out to be false, but rather alleged misrepresentations which induced him to make payment sooner than he was expecting. In addition, I can't see evidence that the terms and conditions of the agreement have not been honoured by the merchant. So, I don't find that this reason code would have been applicable. Further, having looked over the other reason codes, I can't see any of them would have been appropriate for the situation Mr S describes. So, it follows that Revolut used the most appropriate reason code based on the information available.

I am not without empathy for the situation Mr S finds himself in. I acknowledge what he has said about his position, his family and what this motorhome meant to them. However, chargeback disputes are limited in nature. I must consider whether Revolut acted fairly and reasonably with the information it had at the time. Having considered the contract, Mr S's testimony and evidence, and the merchant defence, I agree with Revolut that this dispute had very little prospect of success and so I don't find that Revolut treated Mr S unfairly with regard to his dispute.

For completeness I will add that Mr S has raised concerns about various pieces of legislation that he thinks the merchant has breached through its behaviour. As Mr S made payment using his debit card only, the only way in which Mr S's dispute could be considered by Revolut was through the limited lens of the chargeback scheme. This means that it is not within my remit to comment on the legislation raised as they do not fall within the purview of chargeback disputes, so I have not considered them any further.

### **My final decision**

My final decision is that I do not uphold Mr S's complaint against Revolut Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 October 2025.

Vanisha Patel  
**Ombudsman**