

## **The complaint**

Mr M complains that Revolut Ltd won't refund a debit card payment he made for goods that were not received.

## **What happened**

On 16 July 2019 Mr M used his debit card to make a transaction online. He wanted to buy basketball apparel totalling €620.13. Mr M explains that his order was not confirmed by the website and his computer screen went white. The money was debited from his bank account, but the items did not arrive.

Mr M contacted the retailer but it said it was unable to help him without a confirmation email or an order number. It suggested he should contact his bank instead.

On 7 September 2019 Mr M sent an in app chat message to the bank about the problem he'd had with the transaction. He explained his account had been debited but he'd never received the order confirmation. He said he'd spoken to the retailer and been told to contact the bank. The advisor sent him a chargeback form to fill in, which Mr M completed and returned the same day. I've seen a copy of the form Mr M submitted. In it, he gave a short summary to say the order was not finalised and his money had not been returned. He said he'd spoken to the retailer by phone and that he'd been trying to buy basketball jerseys.

On 18 September 2019 Revolut sent Mr M an in app chat message asking for the order confirmation and details of the contact he'd had with the retailer.

On 24 September 2019, Revolut sent Mr M a further in app chat message. It said it had not heard from him. It suggested he should come back online when he was ready to pick matters up again.

On 25 December 2019 Mr M contacted Revolut to continue the conversation. Revolut said the time to raise a chargeback had expired and they could not proceed with the case any further. The advisor sympathised with the situation but said the bank had followed its internal processes correctly. Mr M explained he did not see the messages and thought the bank should have emailed him too.

In April 2020, Mr M contacted Revolut to raise the issue again. He raised a complaint as it was a lot of money for him to lose.

In May 2020 Revolut issued its final response. It said there was nothing further it could do to help Mr M. It explained when he'd got back in touch, the deadline for recovering the funds had passed. Revolut explained the deadline was out of its control and imposed by the card scheme.

Unhappy with the bank's position, Mr M referred his complaint to this service.

In the interim, Mr M continued to follow up the issue with the retailer. He discovered there was no record of any order because he'd not been shopping on its genuine website. Mr M had unwittingly placed an order on a cloned website controlled by fraudsters.

Our Investigator considered the complaint but didn't think Revolut had done anything wrong. He thought Mr M had authorised the payment. He agreed Revolut didn't have enough detail from Mr M to attempt a chargeback and thought it was reasonable that it didn't do so in this case. He noted that the timescales and the information required to submit a chargeback claim weren't set by Revolut. He didn't think he could hold Revolut responsible for Mr M's failure to read the messages they sent to him. Whilst our Investigator was sorry to learn that Mr M had lost money to a fraudster, he didn't think there was anything more Revolut could do.

Mr M didn't agree. He thought Revolut had been negligent. He explained he'd pointed out all of the details to Revolut when he first raised the issue and he thought it was obvious he'd tried to contact the retailer's customer service department. He felt he'd been ill advised from start to finish and asked for an Ombudsman to review the case afresh.

### **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.

Having done so, I agree with the outcome our Investigator reached. I know this wasn't the outcome Mr M was hoping for, so I will explain why.

Millions of card payments are made each day and most of those transactions are problem free. But there are occasions where an account holder may need to query a transaction applied to their account, perhaps if they don't recognise it or if they think something has gone wrong.

If an account holder raises concerns about a transaction, I'd expect their card issuer to look into the situation further to see whether it has any responsibility for refunding the amount in dispute. It may need to provide a refund if its customer didn't authorise the transaction. In some circumstances, a card issuer can ask for a transaction to be refunded through the chargeback process

As Mr M used his debit card to make a payment and wanted a refund, I've thought about whether Revolut dealt with that request fairly and did all it could to help him.

#### *Did Mr M authorise the transaction?*

In broad terms, the starting position in law is that a bank is expected to process transactions that a customer authorises it to make, in accordance with the relevant Payment Services Regulations and terms and conditions of the customer's account. Broadly they say Revolut would only be required to refund Mr M if he didn't make or authorise the disputed transaction himself. Mr M doesn't dispute he was trying to make payment on a website himself for goods that he wanted to buy. Those actions meet the requirements for Revolut to be able to treat the payment as authorised by him.

So I've gone on to think about if there were any ways other for Revolut to help him, including whether it should have attempted a chargeback.

### *Should Revolut have attempted a chargeback?*

A chargeback is the process by which payment settlement disputes are resolved between card issuers and merchants, under the relevant card scheme rules. What this means is that Revolut can in certain circumstances ask for a payment Mr M made to be refunded. Those circumstances include where goods or services aren't supplied by the company Mr M paid.

A chargeback isn't guaranteed to result in a refund. But I would consider it good practice for a chargeback to be attempted where the right exists and there is a reasonable prospect of success. Each chargeback code has its own set of requirements that need to be met in order for a chargeback right to exist and for it to have any prospect of success. If those requirements aren't met, the merchant or its bank would have been entitled to defend the claim on the basis that the basic requirements of the chargeback code hadn't been met. I would expect Revolut as the scheme member to have knowledge of the various requirements under the chargeback rules and to have advised Mr M of what he needed to provide.

Revolut sent Mr M a dispute form to gather the information it needed. Under the card scheme rules, Mr M needs to provide evidence of the problem. The rules require a description of the complaint in sufficient detail to enable all parties to understand the dispute and the questions on the form are designed to gather this information. Having looked at the form, I can understand why Revolut considered it did not have enough information. Mr M did not provide specific enough details of the goods he'd tried to buy, such as what they were or how much each item cost. Revolut has pointed out Mr M's descriptions were too vague and unlikely to result in a strong claim.

I've thought about whether the reason Mr M didn't provide the required level of detail about was because of confusion caused by the way Revolut handled things. I've also thought about whether there was enough within what Mr M had already told Revolut to allow it to raise the chargeback in any event. But I don't think Revolut's processes were unclear. It did try to contact Mr M using the in app chat function to obtain more information, which is in line with how the digital only bank communicates with its customers. Mr M did not respond for a further three months. By that time, it was too late for Revolut to take any further action.

Without additional information, I don't think Revolut's decision to not pursue the chargeback claim any further caused Mr M to lose out. Mr M had not provided the information required by the card scheme so it seems more likely than not that the claim would have failed. It also did not become apparent that Mr M had been duped by a cloned website until a much later date.

With the information Revolut had at the relevant time, without being able to meet the basic requirements of the chargeback reason code, there was arguably no reasonable prospect of its success. The chargeback process has strict time limits which had already been exceeded by the time Mr M responded so there was nothing further the bank could do to try and recover the money for him at any later stage.

I'm sorry Mr M has lost out. It's clear he did not know he was using a website operated by a fraudster and I appreciate this is a lot of money for him to lose. But in the circumstances, I have no basis to fairly say that Revolut should be held responsible for that loss.

### **My final decision**

For the reasons I have explained, my final decision is that I don't uphold Mr M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 September 2021.

Claire Marsh  
**Ombudsman**