

The complaint

Mrs W complained because Revolut Ltd refused to refund her for a transaction which she said she didn't make.

What happened

On 5 December 2020, Mrs W told Revolut by chat that she didn't recognise a £10.29 debit on her account. Revolut's auto-reply said that if she was concerned her card had been compromised, she should freeze it using the app and then fill up a chargeback form. After several interactions Mrs W couldn't get a reply about the disputed transaction and asked for a live agent.

After half an hour, a live agent took over the chat. Mrs W confirmed that she hadn't made the transaction for £10.29, to a school, on 30 November. The adviser said she would block the card, and Mrs W should order a replacement. The adviser also said Mrs W should fill up and return a Chargeback form within three days.

Mrs W completed the form, but received a text from Revolut which said it had found no trace of fraudulent activity on her account, so it deemed her to be liable and wouldn't refund her.

Mrs W complained to this service.

Our investigator upheld Mrs W's complaint. He noted that Revolut had held Mrs W liable because the contactless transaction had been carried out using the genuine card. But Revolut hadn't provided any evidence that it had tried to contact the merchant to ask what had been bought, nor was there any evidence of the correct level of investigation being undertaken. He pointed out that as Mrs W had clearly said on the chat that she hadn't authorised the transaction, Revolut's agent should have opened a fraud investigation, not told her to fill up the form for a chargeback.

So the investigator said Revolut should refund Mrs W with the £10.29 disputed transaction, and should pay her £50 compensation for the inconvenience caused by not having handled this correctly.

Revolut refused. It said there were no signs the account had been taken over by a fraudster. If the payment had been online, it said it could have seen whether a third party had been involved or not – but the disputed transaction hadn't taken place online. And it said chip and PIN, and contactless, payments couldn't be raised as chargebacks because the chip can't be cloned. So it had carried out sufficient investigation because the card hadn't been lost or stolen. Revolut asked for an ombudsman decision.

My provisional findings

I issued a provisional decision on this complaint. Before doing so, I considered all the available evidence and arguments to decide what would be fair and reasonable in the circumstances of this complaint.

In my provisional decision, I explained that it's up to a bank to decide how best to raise a dispute from a customer, depending on the nature of the dispute and what's said. A chargeback would be one way of doing this, and (done properly) it involves contact with the merchant, which is useful. But Revolut explained that it wouldn't do that here, where the card itself was used. That's its decision to make and I can see why it has decided that here, given what it told us.

But the key thing here, as with any dispute of this nature, was that the circumstances needed proper investigation. The documents provided by Revolut didn't show any evidence of this. I couldn't see any evidence that Revolut asked Mrs W questions such as where she kept her card, or whether anyone else had access to it. Nor did Revolut contact the school about the transaction it received – which might have sorted it out swiftly. I realised that Revolut said that it wouldn't have done this because it would only contact a 'merchant' (here the school) under the chargeback scheme. But there's nothing to stop Revolut from contacting a merchant itself, if it feels that's appropriate. There's no guarantee a merchant will cooperate of course, but that is an avenue that's open to Revolut – even if it's not one it may commonly use.

In any event, it was difficult for me to say with any certainty who carried out the transaction here, given the lack of evidence. But looking at what I thought more likely than not, I thought a proper investigation wouldn't have upheld Mrs W's complaint in all the circumstances of this case. I said that because I'd seen the computer evidence that the genuine card was used, contactless, for the transaction. Mrs W hadn't reported the card lost or stolen, and she told our investigator that she hadn't given her card to anyone else, and it was kept in her purse in her handbag. So I couldn't see how a fraudster could have obtained the card and returned it to her after carrying out the disputed transaction. So I thought it was unlikely that a full investigation would have upheld Mrs W's complaint for the £10.29 transaction.

But I thought that Revolut didn't provide good customer service to Mrs W. Its chat adviser told Mrs W to complete a chargeback claim, which she did. But Revolut didn't then carry out the normal chargeback processes – including contacting the merchant. And in its final response letter, it told Mrs W that "*the team has no rights to raise a chargeback..*" This conflicted with what its chat adviser had told her, and wasn't good service. So I considered Revolut should pay Mrs W £50 compensation for its poor service and the confusion and inconvenience that caused Mrs W.

Responses to my provisional decision

Mrs W accepted my provisional decision.

Revolut didn't reply within the timescales requested for replies.

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 reconsidered the evidence, I see no reason to depart from my original conclusions.

My final decision

My final decision is that I uphold this complaint in part and I order Revolut Ltd to pay Mrs W £50 compensation for distress and inconvenience caused by its poor handling of her complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs W to accept or reject my decision before 22 October 2021.

Belinda Knight
Ombudsman