

The complaint

Ms G complains that Revolut Ltd poorly handled a payment dispute and that it acted unfairly when it decided to close her account.

What happened

Around July last year, Ms G contacted Revolut about a payment she made whilst travelling abroad. Ms G says she had set up her card so that she could make payments in Euro, however, the merchant in question charged her in sterling instead – without her knowledge. So she ended up paying more than she expected after the exchange rate and a fee was applied. Ms G wanted the whole payment to be treated as fraud, but Revolut disputed the payment via the chargeback process because it said Ms G had authorised the payment.

Ms G challenged Revolut's decision to raise a chargeback claim instead of treating the payment as fraud. During the interactions Ms G had with Revolut about this issue, the business decided to close her account. After the chargeback process completed, Ms G was refunded the difference between what she expected to pay and what she ended up paying because the merchant charged her in sterling (€0.55). Ms G was also charged a fee for exceeding her exchange limit (€0.13) – Revolut also refunded this amount as a goodwill gesture.

Ms G complained about Revolut's handling of her dispute and because it had decided to close her account. In its response, Revolut said that it closed her account in line with its terms because Ms G had used offensive language. The business stood by its decision to deal with Ms G's dispute as a chargeback instead of a fraud claim.

Remaining unhappy, Ms G asked this service to independently review her complaint. Ms G says she received a poor level of service from Revolut via its chat service. Ms G adds that she didn't behave abusively and was simply acting out of frustration because of the poor service she'd received. As a resolution, Ms G wants her account re-opened and to be paid compensation for the distress and inconvenience she experienced. She also wants Revolut to reimburse her for Cryptocurrency losses she says she incurred because her account was closed.

Our investigator concluded that Revolut had acted fairly. Ms G doesn't agree and points to the actions of the merchant at the time she made the payment in question – she says she couldn't see the payment terminal because the merchant held it in a way that it was obscured from her view. She also says she didn't feel safe at the time to challenge this and that she expected Revolut to protect her.

Because Ms G doesn't agree, the complaint has been passed to me for a final review.

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.

It's important that I point out that Ms G has informed us of further issues she's experienced with Revolut, that have occurred since the business issued its final response. These additional concerns haven't formed part of my assessment of this complaint. Should Ms G wish to pursue these other complaint points, she'll need to formally raise them with Revolut in the first instance. Having reviewed everything, I've decided that Revolut has acted fairly – I'll explain why.

Payment dispute

Ms G says that the payment she disputed should have been treated as fraud, given she didn't agree to pay the merchant in sterling. Revolut disputed the payment under the chargeback process instead because it felt Ms G had authorised the payment. Ms G disagrees. She says the merchant didn't inform her the payment would be in sterling, the card terminal that was used to make the payment was presented to her in an obscured manner, and that she didn't wish to question the merchant at the time as she was worried about putting herself in danger.

Under the Payment Services Regulations 2017 (PSRs), a payment is deemed to be authorised when it's been authenticated and is a payment that Ms G has consented to. Ms G says she made the payment by tapping her Revolut card on to the payment terminal, so I'm satisfied the payment was authenticated.

Similarly, I'm satisfied Ms G consented to the payment. Under the rules, consent doesn't need to be 'informed consent', so Ms G needn't be fully aware of the details of the payment she was making - nor does the validity of the payment depend on the transaction being fully explained to her. And submissions such as what Ms G says – that the merchant kept the payment terminal obscured and at a distance – doesn't invalidate her consent. So I'm satisfied that Ms G authorised this payment.

The chargeback process is designed to help resolve matters when things have gone wrong between a cardholder and the merchant they have paid. This includes problems such as poor quality of goods, payments being processed more than once, and the wrong amount being charged. Ms G claimed the merchant had charged her incorrectly, so I think Revolut acted reasonably by treating Ms G's dispute as a chargeback.

From what Ms G says, she'd made a genuine purchase and was paying for this purchase at the time. The only issue was that she had paid more than she expected because the payment was made in sterling instead of Euro. So treating the payment as fraud would've been inappropriate, given Ms G doesn't dispute making the purchase and, as I explained, she authorised the payment. The chargeback process seems to me to have been the fairest way to deal with the dispute.

To resolve this matter, Revolut refunded Ms G the difference between what she expected to pay the merchant and what she actually paid at the time. Revolut says Ms G had also exceeded her currency exchange limit at the time, so she was charged a fee – Revolut also refunded this fee as a good will gesture. I think this is a fair resolution, given it puts Ms G back in the position she would've been in had she been charged correctly by the merchant.

Ms G indicates there was a risk she would put herself in danger if she questioned the merchant at the time. And she expected that Revolut would do more to protect her. I don't agree. I've seen no evidence that Ms G was at risk at the time she made the payment, nor have I seen anything that suggests she was compelled to make the payment to avoid putting herself in danger.

Moreover, Ms G seems to have received the goods/service that she paid for at the time.

And, as I've outlined, the payment was authenticated – so I wouldn't have expected Revolut to deem the payment as suspicious nor would I have expected it to take any steps to stop the payment either. So, I won't be asking Revolut to do anything more regarding this payment.

Account closure

The terms of Ms G's account allow Revolut to close her account immediately. The terms say that Revolut can do so *'if you behave in a disrespectful or abusive way...harassing or insulting staff members or using offensive language'*. I've seen a copy of that chat conversations Ms G had with Revolut around the time. Given some of the comments Ms G made via Revolut's chat service, I think the business acted fairly when it relied on its terms to close Ms G's account.

I acknowledge Ms G's comments about her frustration in trying to deal with her payment dispute with Revolut and, looking at the copies of the chat, I can see why she felt it was challenging communicating with the business. I do think though that much of the back and forth with the business was due to Ms G wanting to persuade Revolut to deal with her payment dispute as fraud, rather than a chargeback.

Ms G also thinks Revolut could have done more to warn her that it would close her account. However, in my opinion, Revolut did enough to inform Ms G of the steps it could take should she continue to communicate inappropriately. The terms allow Revolut to close her account immediately in such circumstances – and without warning. So I think the business acted fairly.

I empathise with Ms G, given she experienced losses following the closure. But my remit only allows me to instruct Revolut to reimburse Ms G for her losses or pay her compensation if I decide that the business acted unfairly. For the reasons I've explained, I don't think it did. So I won't be making an award.

In summary, I think Revolut's decision to deal with Ms G's payment dispute as a chargeback instead of a fraudulent payment was fair. I'm also of the opinion that Revolut acted fairly and in line with its terms when it decided to close Ms G's account.

My final decision

For the reasons above, I'm not upholding this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 17 May 2024.

Abdul Ali
Ombudsman