

The complaint

Miss B complains about what happened when she asked Revolut Ltd to send some money overseas for her. She said there was no warning about the amount she was charged, and no way to make an informed choice about whether to use the service.

What happened

Miss B said she'd been a Revolut customer for a while, and had always been happy with it, until recently. She said that Revolut makes clear that it won't charge for international transfers. But in July she'd made a transfer of €188.99, and been charged €42 for that. Only €146.99 arrived at the other end.

Miss B was very unhappy about this. She said that customers need to be given a choice about whether to incur costs or not when they are using a service. Miss B has pointed out that other, far cheaper, ways of making this transfer exist, which she could've used if she'd known about the costs. In this case, she had no choice, and she'd found this very frustrating. She also told Revolut that this had happened before, and she'd complained about this before, but no one had responded.

Miss B said that Revolut had paid back the money she'd been charged for the transfer, which was a decent gesture of goodwill. But she didn't think it excused the lack of transparency in Revolut's communications. She thought it should pay compensation too.

Revolut said the reason why the amount received was different to the amount sent was because the payment was processed through the SWIFT network. A number of banks are involved in that payment process, and they can also charge. Revolut said it's not in control of that, and it can't prevent it. It also said it can't entirely predict how much someone might be charged.

Revolut sent Miss B details of where this was set out in its terms, and where she could find estimates of the fees that would be charged. And it said in this case, it had reimbursed her the €42.99 that she'd lost when the transfer was done.

Miss B said that Revolut had now added a warning about fees to its transfer pages. It hadn't included this when she made her transaction.

Our investigator didn't think this complaint should be upheld. She said that Revolut's terms include a warning about the fees Miss B was charged, which was included in the terms at the time Miss B made this transfer. Our investigator didn't think Revolut could know in advance how much these charges would be, but it did give estimates. Our investigator didn't think Revolut had to do more.

Miss B didn't agree. She said Revolut didn't give estimates in the past, but it does now. She said that if she makes a transfer now, she has clear visibility on how much it would cost, so she can decide if she wants to pay or not. She said that Revolut had changed this since she lodged her complaint.

Our investigator didn't change her mind. She said just because Revolut was able to provide an estimate now, doesn't mean it had to when Miss B made her transfer.

Miss B said that because our investigation took much longer than expected, the facts she'd told us about had little relevance now. Revolut had plenty of time to learn from its mistakes and so despite her very detailed explanation of circumstances, she felt let down and very disappointed. She wanted to take the matter further, so the case came to me for a final decision.

My provisional decision

I issued a provisional decision on this complaint and explained why I did not propose to uphold it. This is what I said then:

Firstly, I'd like to set out that, although this case has taken a little time to reach me (as it was lodged at the end of August 2020) I will assess what has happened on the basis of what Revolut did then. Whilst it's always good to see that a business has made improvements since a case came to us, that wouldn't change the outcome of this complaint.

Miss B made a transfer, and less money arrived than she'd expected. She was charged almost a quarter of the amount she transferred, so I can well understand why she was concerned about this.

Like our investigator, I don't think that Revolut is in control of these charges. It doesn't apply them, and it's not clear to me how it could predict the exact amounts charged. Revolut has set out in its terms and conditions that charges can be applied in these circumstances.

But I do think that, particularly because many of the transfers that Revolut does are fee free, it would be helpful to include a warning about fees in the transfer screen. I'm pleased to see that Revolut does this now. That doesn't make up though for the mistake it made that I'm considering here, not including this warning earlier.

I also have to take account of the situation of Miss B when she made this transfer. She said in her complaint to Revolut, that she'd made another complaint about this previously, and had previously made other transfers where she was charged over €100. So I think Miss B was aware that transfers with Revolut won't always be free. And I can see that Revolut has refunded the amount that Miss B was charged. In this case, I think that's enough to make up for what's gone wrong, so I won't ask Revolut to do any more.

Miss B also said that her previous complaint didn't get any response from Revolut. And she says she was charged over €100 for that transfer. She can ask our service to look at this too, if she would like. I'll leave Miss B to get in touch with us if she would like us to do that.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Revolut didn't reply. Miss B sent a substantive reply.

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.

Miss B said that as a customer she has the right to make an informed decision on how much she chooses to spend on a service. But she said Revolut had repeatedly violated that right. Although it gives an indication of SWIFT charges, it doesn't say exactly how much will be charged. She said she had no choice about which banks to collaborate with for her transfers to be executed. And she thought Revolut must be aware of the charges, because it has contractual agreements with these banks.

She suggested that this was comparable to depositing money, then finding out after a year that you'd been charged for third party financial services, with no warning.

Miss B said that hiding the precise costs of a service was fraud. And marketing services as being "free" is also rather misleading, especially when handling finances. Miss B said that misleading marketing messages can be an offence which is subject to prosecution.

Miss B said that she understood this wasn't a large amount of money, and she said that may be why Revolut didn't expect her to complain. But she said that she still felt this was important, and she wanted to know if I would've reached a different conclusion if she'd lost a quarter of a much larger amount.

Miss B said that there must be a level of transparency that Revolut has to abide by. She said she still felt disadvantaged, and didn't believe it was legal for an institution handling personal finance to charge fees and avoid taking responsibilities for these charges. She thought this was money laundering. She wanted me to change my mind.

I understand that Miss B feels strongly that what Revolut is doing is wrong, and indeed in some cases that what it's doing may be unlawful. But it appears to me that this is, at least in part, because she thinks Revolut could tell her exactly the costs involved, and is choosing not to. And I don't think that's right.

Before I set out how SWIFT transfers work, I think it's important to recall that this complaint looks at one transfer, made by Miss B. When Miss B complained to us, that's the problem she told us about. And that's the problem that Revolut has looked at.

I've explained to Miss B that she can ask us to look at other transfers too, if she would like. But I can't expand this complaint now to take account of other things that have gone wrong. Our service has to be fair to both sides, and it wouldn't be fair to both sides to do that. So, as I said, I'll leave it to Miss B to ask us to look at any other transfers she would like us to consider. I need to concentrate here on the one transfer that is the subject of this complaint.

Next, I should explain that SWIFT transfers don't work in the way that Miss B suggests. Revolut told us that it's not in control of charges that are applied, and it can't prevent them. It also said it can't entirely predict how much someone might be charged. And I think that's right. I'll explain why.

Revolut chooses the first bank in the chain that it asks to help it with a transfer. But after that, it's up to that bank who it chooses to be next in the chain. And when someone is asking Revolut to transfer money to a smaller overseas bank, in a country where the local financial services don't have strong global links, that chain can involve a number of banks.

Revolut doesn't have a series of pre-existing contractual agreements with all the banks that are involved in each chain of transfers, and it doesn't necessarily know which banks will be involved. So it's just not able to predict the charges in the way Miss B says she would expect.

Revolut can provide a warning when a transfer isn't going to be free, and an estimate of costs, so that customers can make an informed choice. And I'm pleased to see it now does both those things. It didn't provide this warning when Miss B made the transfer she's complaining about. I understand that Miss B already knew that she was likely to be charged, because at this point she had been charged before for transfers. But I still think it was right for Revolut to pay Miss B back what she was charged, for the transfer she has complained about.

Miss B asked if I would have reached a different view if the amount involved was larger. Our service doesn't usually comment on hypothetical scenarios, but in this instance I think that things are sufficiently clear to enable me to do so. And no, I would not have reached a different view. If Miss B had transferred much more, been charged much more, and Revolut had paid back a much larger charge, I would still have said that was the right thing for it to do.

I also think it's worth noting that the scenario Miss B imagines, of a much larger transfer incurring thousands in charges, isn't likely to happen. Transfer charges aren't usually based on a large percentage of the transfer. They can be based on a flat rate, which can then mean the sender is charged a relatively large proportion of a smaller transfer.

So, whilst the charges represent almost a quarter of the €188.99 transferred in this case, if Miss B had transferred a much larger amount, it's most likely that the charge would still have been roughly the same.

I haven't changed my mind. I know that Miss B will be disappointed that I don't think her complaint should be upheld, but I hope that my explanation helps to set out why I think that.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 29 April 2021.

Esther Absalom-Gough
Ombudsman