

## **The complaint**

Mr N is unhappy with the service Revolut Ltd provided when he transferred funds from his pension into his Revolut account.

## **What happened**

Mr N arranged for a lump sum payment from his pension provider to be transferred to his GBP Revolut account. The funds were received into the Revolut account in EUR on 14 December 2020.

Revolut got in touch with Mr N via their APP on 14 December 2020 as they needed some information to carry out necessary checks on the funds. Mr N provided the information and the adviser confirmed the transaction had been successfully completed.

The next day Mr N contacted Revolut via the APP as he was concerned over £500 had gone missing. Revolut tried to reassure Mr N that funds hadn't gone missing and confirmed the balance held in GBP and EUR. Mr N then raised concerns his account was blocked as he was unable to transfer funds out of the account.

The adviser explained that there was still a review in progress on the account and asked for some information. Mr N confirmed he had already sent this information twice. The adviser escalated Mr N's concerns to the relevant team and said they'd be in touch. Mr N sent messages daily raising concern about the balance until Revolut responded on 18 December 2020 asking for further information. Mr N provided this information but had no further response. Mr N sent regular messages asking for someone to respond and indicating he wished to raise a complaint. Revolut responded on 30 December 2020 asking for further information which Mr N provided the same day.

Revolut got back in touch on 6 January 2021 to confirm everything was sorted out on Mr N's account. Mr N asked them to apply the exchange rate from the day of transfer. The adviser indicated this has been done but Mr N raised further concern that it hadn't been actioned. Revolut explained that the money was sent and received in EUR and they do not exchange funds when received, instead customers can exchange this in the APP at any time. Mr N went on to exchange the funds.

Revolut responded to Mr N's complaint on 1 March 2021. They accepted there had been some inconvenience, but the checks carried out to verify the funds were required and necessary. As a gesture of goodwill offered an upgrade to their 'premium' service for one month.

Mr N remained unhappy so referred his concerns to this service. As our investigator was unable to resolve things, the complaint was passed to me. And in October 2021, I issued a provisional decision, which said:

*Revolut are required to carry out due diligence checks for security purposes and to comply with anti-money laundering regulations. There was a delay from Revolut receiving the funds and Mr N being able to access them. Revolut have explained that they were required to*

verify the funds to satisfy regulations. And it wasn't unreasonable of them to request information for them to complete these checks.

Revolut have explained the time it took for this to be resolved was impacted by the nature of the review as well as a high demand in the team looking into these checks. It took around three weeks for Mr N to access his funds. Whilst this may be a little longer than I'd have expected, it was during the festive period and I think this added to the time overall.

Whilst I recognise that these checks can take some time and were necessary, it was unfortunate that Revolut didn't fully explain to Mr N at the outset that these checks were ongoing and what this meant for Mr N's account during that time. If they had I think this would have managed his expectations.

Once he was able to access his funds Mr N raised concerns that Revolut had opened a EUR account without his permission.

Revolut account terms say:

"Your account is a 'virtual' account that holds your e-money. It may hold e-money in different currencies at the same time. E-money is an electronic alternative to cash. If you or someone else gives us money in one currency, we'll issue an equivalent value of e-money in that currency. We'll store the e-money in your account, and other people will accept it as payment."

So, I think they have been clear that they will store any money received in the same currency it was received in.

Mr N says he held a GBP account with Revolut and didn't authorise them to open an account in EUR. The terms say they will issue an equivalent value of e-money in the same currency it was received in. So as Revolut received the funds in EUR they held the money in EUR in a sub pocket of the account. Mr N feels Revolut have breached legislation by not making him aware or seeking his authorisation before opening a EUR sub account. However, given the terms I don't think they've been unreasonable here.

Once the funds were available Mr N wanted Revolut to apply the exchange rate at the time of transfer as it had fluctuated during the checking process. Revolut explained they do not exchange funds when received and it was up to the customer to do this within the APP.

In Revolut's terms they say:

"Keep your currency consistent – It's important that any payment to your account is made in the currency of your account. Otherwise, the payment will be converted to the currency of your account. This means that your account might be credited with more or less than you expected. We won't be responsible for any losses if this happens."

I've asked Revolut about this and they have explained that this should be read in conjunction with clause 12 of the terms entirely and that ultimately, it's for the sending bank to convert to the appropriate currency. I can see Mr N had requested his funds to be transferred in GBP. However, this didn't happen. And whilst Revolut suggest they would convert the payment to the currency of the account held, in this case GBP, I don't think it was practical for them to have done so here.

Had they converted the funds at the point of transfer, before carrying out the required checks, this could've been problematic if for any reason Revolut found the need to return the

*funds. This could have also led to further currency exchange losses so I can see why Revolut held the funds in the currency they received them in.*

*Converting the funds might have been more favourable to Mr N and I appreciate why he felt strongly about this as the exchange rate had worsened for him. However, this could have also gone in his favour if the exchange rates had improved, it was unfortunate it didn't, but I can't hold Revolut responsible for that. The checks were reasonable and had the funds been transferred in GBP by the sending bank as requested, this wouldn't have been an issue.*

*Mr N was also unhappy he'd been charged an exchange fair usage fee when exchanging his funds to GBP. Having looked at the terms of the account, it's clear that no fee is charged for exchanging up to £1,000 per month. Anything over that is charged at 0.5%. So as Mr N exchanged quite a large sum of money over the fair exchange amount I think Revolut have been fair charging a fee here.*

### **Delays**

*Mr N has said he had lost out on investment opportunities whilst waiting for the funds to be released. However, whilst I can understand Mr N's disappointment here, as explained Revolut didn't do anything wrong in processing the checks.*

*Whilst the checks were in progress, Mr N on several occasions reached out to understand what was happening. On 18 December 2020 Mr N replied to a message from Revolut and provided information requested. He then asked for assistance, he was clearly distressed as he thought his funds had disappeared, but the adviser didn't respond. He then sent regular messages follow this looking for support, but he didn't receive a reply for several days. Revolut responded to his messages on 30 December 2020.*

*I understand Revolut have said if Mr N checked the EUR account information as advised previously, he would have seen funds were not missing. However, considering the chat was Mr N's only form of contact and he was clearly confused by the fluctuating exchange rate, I think Revolut could have done more to keep Mr N updated and reassure him about his funds.*

*Revolut have offered, as a gesture of goodwill, a free upgrade to Revolut's premiums service for one month. I don't think this fairly compensates Mr N for the distress and inconvenience he went through in having to persistently contact Revolut seeking answers at a time where he was clearly distressed and concerned. And he was left for a number of days without a response, so he was unaware what the current situation was with the funds.*

*Considering the impact on Mr N, I think Revolut should compensate Mr N £150.*

*For the reasons explained above, subject to any further information I receive from either Mr N or Revolut Ltd, my provisional decision is that Revolut Ltd should pay Mr N £150 to compensate for the distress and inconvenience it caused.*

### **Responses to my provisional decision**

*Whilst Mr N wasn't entirely satisfied with the outcome, he didn't have anything further for me to consider and accepted the provisional decision.*

*Revolut accepted the service provided should have been better but didn't feel they were responsible for the root cause of the distress Mr N experienced. They felt Mr N could have mitigated his circumstances by checking the APP and this would have alleviated his distress. But overall due to the level of service provided they agreed with the award made.*

### **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 see no reason to deviate from the outcome explained in my provisional decision.

For the reasons explained, I think Revolut could have done more. Whilst I agree the APP held the information about Mr N's accounts, he was still confused by the fluctuating exchange rate and was left without a response for a number of days. This caused unnecessary distress and inconvenience to Mr N.

### **My final decision**

My final decision is that Revolut Ltd should pay Mr N £150 to compensate for the distress and inconvenience it caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 7 December 2021.

Karin Hutchinson  
**Ombudsman**