

The complaint

Mr A complains Revolut Ltd told him it would refuse to accept a payment sent to his account. Mr A says he wasn't given a specific reason for any sanctions that applied, and Revolut should have made him aware it wouldn't accept payments from Russia.

Mr A adds Revolut's actions are discriminatory due to his nationality.

What happened

On 28 March 2022, Mr A's mother, arranged to send \$4,460 to Mr A's Revolut account from her Russian based bank account. I will refer to this as bank B. The money was sent via an intermediary bank which I will refer to as bank M, based in the USA, where it was held. To comply with its legal and regulatory obligations, bank M asked Mr A and his mother to provide information about the transfer including, proof of their relationship and identification. Mr A provided the information promptly, but bank M didn't release the funds. And didn't ask Mr A for any further paperwork. So, Mr A chased up the payment and arranged for bank B to contact bank M in an attempt to get things moving. But bank B didn't respond.

In April 2022, Mr A contacted Revolut's support team for help. He explained the situation to Revolut and asked Revolut to reach out to bank M to find out what was holding up the payment. Revolut told Mr A that it would look into things and escalate his request to an internal team for it to reach out to bank M. But Revolut didn't do this.

Revolut explained that the restrictions impacting Mr A's transaction had been put in place by relevant authorities and that there was no timeframe around how long they might last. Mr A explained that at the time he and his mother were not subjected to any UK or EU sanctions. And neither was bank B. Mr A said he believed Revolut were discriminating against him on the basis of his nationality by telling him it wouldn't accept his payment. In response, Revolut referred Mr A to its Sanctions Compliance Statement and said it wasn't discriminating against Mr A – it was simply not accepting transfers to and from Russia and that this was a commercial decision it was entitled to make.

Following this Mr A contacted Revolut to try and find out if it had contacted bank M and what was happening with the money his mother had sent to him.

In May 2022, Revolut told Mr A that his funds were stuck with the intermediary bank M. Therefore it hadn't had an opportunity to accept or reject the payment. And that even if it was released it wouldn't accept the payment anyway as it was coming from Russia. Mr A said Revolut never made him aware that it wouldn't accept transactions linked to Russia. He said nothing had been mentioned in Revolut's newsletter or in its terms and conditions. Mr A says he later found out from another Revolut customer that the only way he could find out about these restrictions was if he had contacted Revolut's customer support. On 7 May 2022, Revolut told Mr A *'as per current guidelines we have, incoming payments from Russian banks cannot be credited.'* Revolut said that was in line with restrictions put in place by relevant authorities. And sent Mr A a link to its Sanctions Compliance Statement. Revolut also referred him to the internet and said it was monitoring the situation carefully in

Ukraine to ensure it was complying with applicable sanctions. Revolut acknowledged that neither Mr A or his mother were subject to any sanctions, but that it was the banking system that had been impacted internationally due to the situation.

Mr A complained to Revolut. He said Revolut should have made him aware of any restriction that may have impacted the transfer. And when he asked Revolut to provide him with documents setting out this policy Revolut said there wasn't any such documentaton, which he doesn't think is right.

Mr A pointed out that Revolut's Sanctions Compliance Statement wasn't relevant to his circumstances. He said that his transaction was a family transaction and not a commercial one. Based on this he said Revolut contradicted its own internal sanctions policy and exceeded government imposed sanctions.

Mr A says Revolut also gave him conflicting information about who was responsible for the decision – he was told Revolut was following relevant authorities guidelines and was then told it was an internal decision made by Revolut.

In response, Revolut said:

- Revolut's compliance team decided the payment couldn't be approved due to the sanctions in place. It appreciates this caused Mr A frustration, but Revolut can't provide information about the specific sanction stopping the payment.
- Mr A's funds were stuck with the intermediary bank M. Therefore Revolut hadn't had an opportunity to accept or reject the payment. Revolut wouldn't accept the payment as it was coming from Russia and it would have been reverted to the sender. This is because as a regulated financial institution, Revolut and all its subsidiaries and affiliates must comply with all applicable sanction's laws and regulations, including those of the United Nations, the European Union, the United Kingdom and the United States.
- Revolut reserves the right to refuse certain payments as per Clause 20 in its Terms & Policies where the following information is presented: *We must refuse to make a payment or delay a payment (including inbound and outbound payments) in the following circumstances: if legal or regulatory requirements prevent us from making the payment or mean that we need to carry out further checks.*"
- This information is also highlighted in Revolut's Help page: 'War in Ukraine,' and in the article 'Can I transfer money to or from Russia or Belarus?' the following information is specified: *"Revolut does not currently support transfers to or from Russia and Belarus."*
- Transfers to and from Russian will not get accepted by Revolut until the sanctions that have been placed in the beginning of March 2022 are lifted by the regulatory bodies. So, Mr A should contact the sending bank and ask them to recall the transfer.
- It is important for Revolut to be able to support its customers where possible, and it considered all options in supporting Mr A with his transaction. Revolut is sorry Mr A feels its service hasn't been at the level he expects. Whilst it endeavor's to provide a high level of service, it's paramount Revolut ensures it adheres to any applicable rules and regulations.

Unhappy with this response Mr A brought his complaint to our service. In summary he said:

- Revolut had stopped the payment from his mother being credited to his account so the money is stuck in the banking system, because it can't be sent back to the

sending bank. So, in effect Revolut had stolen his money.

- He has lost all trust in the UK banking system and Revolut's actions have caused a considerable amount of stress and impacted his mental well-being.
- He has lost out financially because his funds are unable to generate any income.

To put things right, Mr A said he wants Revolut to accept the transfer into his account. And pay him compensation for his financial losses and the misinformation he was provided. One of our Investigator's looked into it. Our Investigator then sent Mr A their findings on the merits of his complaint against Revolut. In short, they made the following findings:

- Revolut didn't reject Mr A's funds – they were being held by the intermediary bank, which wanted information before releasing the funds to Revolut.
- Revolut didn't do anything wrong not telling Mr A that payments from Russia weren't being accepted.
- Whilst it was understandable Mr A would have been offended by Revolut's policy and actions, they weren't unfair.

Mr A didn't agree with what our Investigator said. In summary, some of the key points he made were:

- Revolut claimed on numerous occasions that relevant teams were helping him contact bank M, but he is not sure this is true if Revolut made the decision not to accept the payment. So, he feels this was done to appease him and drag time.
- Revolut will refuse to allow the funds to credit his account when the intermediary bank releases it, which is unfair as Revolut have accepted neither him nor his mother are subject to any sanctions. And, they have also refused any future and ongoing transfers.
- Revolut referred to secret internal documents but refused to provide them. They didn't tell him if such documents were legal.
- Revolut acted evasively and irresponsibly when handling his complaint, enquiries and requests for help. At no point did Revolut provide evidence to show that it had contacted bank M.
- Revolut's actions are unfair and discriminatory.

The investigator reviewed everything again and asked Revolut for some more information. In particular she asked Revolut to provide any evidence that they had contacted bank M and details of the sanctions policy it had relied on to refuse Mr A's funds.

In response Revolut said:

- It had never contacted the sending bank or any other bank that is involved with the transaction. It repeatedly told Mr A in the chat that it would be up for the sending bank to investigate this and not Revolut, knowing that the funds never reached it. But it accepts Mr A may have assumed that it was going to contact the intermediary bank.
- Revolut didn't do anything wrong not reaching out to the intermediary bank.
- It provided Mr A with its Sanctions Compliance Statements in the chat. This mentions the following: "[Revolut] and all its subsidiaries and affiliated companies must comply with the sanctions laws and regulations of the United Nations, the European Union, the United Kingdom, the United States, and all other applicable sanctions laws and regulations in all jurisdictions in which Revolut operates." It also says that we have a

right to reject or block transactions under our "own internal Global Sanctions Policy" and not necessarily because of specific regulations set by entities where we operate.

- However, it does not see how it is relevant to this particular case. The transfer had never reached Revolut and, as a result, it would not have had a chance to either accept or reject it.
- The transfer was made from bank B and withheld by another bank which used another intermediary or most likely the payments processor for bank B. This other bank was sanctioned by the U.S. on the 24th of February 2022 and bank M is a U.S.-based bank. That would explain why the transfer was withheld.
- The transfer was made by a third party (not by Mr A). The funds were withheld by an intermediary bank and never reached Revolut. The evidence provided to Revolut by the customer themselves showed this. So, Revolut could not have done anything else here.
- Revolut stopped supporting all transfers to or from any financial institution in Russia on the 4th of March 2022 (<https://blog.revolut.com/the-war-on-ukraine-our-response/>). It was an internally made decision.
- Even if Revolut did support transfers from Russia at that time, it would not have been able to accept this particular transfer due to the intermediary bank being sanctioned by the U.S. As Revolut does operate in the U.S.

After reviewing the information, the investigator issued a further view on Mr A's complaint. In summary she said:

- It was fair for Revolut to tell Mr A it would reject Mr A's payment if bank M released the funds as they were acting in line with relevant sanctions.
- Revolut didn't make it clear to Mr A what sanctions it was relying on.
- It was unfair for Revolut to tell Mr A that it wouldn't accept *any* payments from Russia as this isn't in line with imposed sanctions.
- It's not unreasonable for Mr A to conclude Revolut's actions are discriminatory
- To put things right she said Revolut should pay Mr A £400 compensation.

Revolut disagreed. In summary it said:

- It had made information available about payments to and from Russia on its website between 28 February and 6 March 2022 which stated it would proactively stop supporting all transfers to and from Russia.
- Revolut has at all times, maintained a list of countries which it will not accept payments to or from banks in those areas. This list is and was available online. The list confirms that it is "subject to change". It is entirely incumbent on customers to refer to it.
- Revolut's decision to support or block payments from or to a country is based on a calculated risk-based analysis. Such reasons would include the risk of ongoing sanction action, but this is not an exclusive factor. As a commercial entity, Revolut is entitled to make such decision on whether it supports payments to or from a bank in a country. There is nothing within Revolut's terms and conditions which says that a customer is entitled to transact freely with any dedicated country.
- It is neither fair nor reasonable for the Ombudsman service to dictate to Revolut what countries it should support payments from or to set the risk profile of Revolut to a

level higher than it is reasonably willing to accept.

- Revolut had notified some of its customers about this policy – but only those who had recently made transfers to and from Russia. And it would not have been reasonable for them to notify all of their 20 million customers of the policy.
- Revolut also said that it made no sense for them to contact bank M – it was evident bank M was waiting for information from bank B. It added that Mr A's mother is not their customer, and that £400 compensation is excessive
- Mr A's position on feeling discriminated against is respectfully nonsensical.
- Revolut made the difficult decision to block payments to and from Russia which meant that all payments sent to Revolut that originated from Russia, including the payment to the customer, would automatically be blocked and would not reach our customer's accounts. In this instance, no payment reached Mr A's account.
- Revolut reviewed the chats with Mr A once again. And accepted that its correspondence could have been clearer. It accepts that it linked Mr A to its sanctions page and gave the inference that sanctions were the only reason for our decision to block payments to and from Russia. Revolut therefore accept that this may have been confusing for Mr A and this could have been approached differently.
- To put things right Revolut offered £200.00 compensation for distress and inconvenience.

Mr A didn't accept Revolut's offer. He said in late 2023, he received a letter from HM Treasury following an OFSI licence application made by Mr A's mother. The letter set out that if funds are not related to a designated sanctioned individual or business then a UK financial institution does not need to freeze funds it has received. Mr A says this means Revolut has acted unfairly.

As no agreement could be reached the matter has come to me to decide.

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.

Firstly, I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr A and Revolut have said before reaching my decision.

The transfer

Revolut has important legal and regulatory obligations it must meet when processing payment instructions for its customers, which includes ensuring no UK or other international sanctions might be breached. Those obligations are overriding in terms of otherwise meeting general timeframes for processing payments. And this is the same for every bank and financial business.

At the time Mr A's mother asked her bank to transfer funds to Mr A there was significant activity relating to Russian sanctions being imposed. And not just in the UK, but on an international level, including in the USA.

The transfer was made from bank B and withheld by a US sanctioned intermediary bank which was the payments processor for bank B. I've checked the sanctions that were in place at the time, and how they related to all the banks involved in Mr A's transactions. And I'm satisfied that this would explain why the transfer was withheld and wasn't sent onto Mr A's Revolut account.

There isn't anything in Revolut's legal and regulatory obligations that prevents a firm from limiting payments from certain countries to mitigate the impact of any risks. The transfer itself was stopped to comply with US sanctions and the money Mrs A was sending never reached Revolut – so the funds weren't credited to his account. I understand this would have been frustrating for Mr A, but Revolut are not responsible for the impact of US sanctions, and it had no remit to force the intermediary bank to release the funds. And, in this context I would not reasonably expect them to instruct bank M to release the funds. Equally I can't direct Revolut to accept the payment. So, I am not directing Revolut to accept the payment from Mr A's mother and apply it to his account – as much as he'd like this to happen. I've said more about my reasons for this below.

I acknowledge Mr A has said that he has been without the funds for a very long time. And as a result, he hasn't been able to generate any income. But it wouldn't be appropriate for me to award Mr A compensation for this because Revolut haven't done anything wrong given the payment never reached them, and they weren't responsible for the actions of an intermediary bank's actions.

Revolut and bank M

Mr A asked Revolut to reach out to bank M to try and find out what was happening with the transfer and essentially why the money was stuck. Revolut has confirmed that it didn't reach out to Bank M. I don't find Revolut did anything wrong when it decided not to do so I say this because the transfer was made by a third party (not by Mr A). The funds were withheld by an intermediary bank and never reached Revolut. So, Revolut could not have done anything to move the payment along towards Mr A.

However, from looking at the screenshots of the conversations between Revolut and Mr A in its in app chat I don't think Revolut made it clear to Mr A that it hadn't reached out to bank M. I say this because from looking at the screen shots of the in app chat between Revolut and Mr A, Revolut told Mr A that it *had* raised his request to its 'relevant team' and that the 'outcome of that was that he should contact the sending bank'.

Following this, on 30 April 2022, Mr A sent several messages seeking an update on his request and Revolut told him *'Your issue has already been handled by the relevant team. Moreover, I would suggest that you should start tracing from the sender bank. There might be some chances that we will reach a conclusion much earlier.'* I note too that on 5 May Revolut responded to a chaser from Mr A and told him *'The intermediary banks are trying to contact the sender bank and they are waiting for the sender bank's response, but it seems like they went unresponsive.'*

I think these responses were unhelpful and misleading. And, whilst overall Revolut seem to have given Mr A the message that he needed to contact the sender, rather than expect Revolut to be able to resolve things for him, they didn't do this soon enough. So, I don't think it's unreasonable that Mr A was more likely than not left with the impression that Revolut had actioned his request to contact bank M, which isn't what happened. So, I don't think Revolut treated Mr A fairly here.

Discrimination

Revolut told Mr A that even if Mr A's payment had been released from bank M, it wouldn't have accepted the payment as at the time it had taken the commercial decision not to accept transfers to and from Russia.

Mr A says this policy is discriminatory and that Revolut failed to notify him of any such policies or provide him with any documents when he asked them to do so to justify this position. Mr A adds that the information Revolut did provide him – its Sanctions Compliance Statement - wasn't applicable to him. And that it simply referred him to the internet, which he says was very poor.

Whilst I appreciate this is Mr A's perspective, it's not my role to decide whether discrimination has taken place – only the courts have the power to decide this. My role is to review whether Revolut treated Mr A fairly and its actions were reasonable. In doing so, I must take into account all relevant laws and regulations. I'm required to consider a number of factors in order to decide Mr A's complaint in accordance with what I think is fair and reasonable in all the circumstances of this complaint. Part of this has meant considering the provisions of the Equality Act 2010.

Revolut says it made a commercial decision not to accept transfers to and from Russia, which was a business decision it was entitled to make. So, it says it hasn't treated Mr A unfairly based on his nationality or because the payment had come from Russia.

I appreciate that Revolut is entitled to set their own policies and part of that will form their risk criteria. And it is not in my remit to say what policies or risk appetite Revolut should have in place. Revolut can make commercial decisions based on its own risk criteria. I also note Revolut has important legal and regulatory obligations in ensuring no UK, or other international sanctions, might be breached. It's well known that Russia was subject to substantive and rapidly evolving international sanctions in 2022. So, limiting payments from certain countries can mitigate the impact and risk.

It's now clear that Revolut's decision wasn't based on the letter of a specific sanction – instead it exists to mitigate against the risk of potential breaches of sanctions. In the context of international payments to and from Russia - it's important to understand that sanctions stand the risk of being breached outside of the payer or payee being sanctioned themselves. I say this because international payments can involve correspondent banks or entities which themselves are subject to sanctions, which is what happened here in relation to the intermediary bank's involvement.

I haven't found Revolut are breaching a regulation or law in relation to having a policy related to not accepting payments to and from Russia, although I recognise Mr A may be more likely to be adversely affected by the policy given, he might be more likely to receive or make payments to and from Russia in view of his nationality. I appreciate this will disappoint him, but I'm satisfied Revolut's actions here were fair. Mr A's quite right that there's no suggestion he or his mother are sanctioned individuals. Nor at the time was Bank B sanctioned. However, Revolut had introduced a new policy to reject all transfers from Russia. Based on all the evidence and circumstances, I am unable to conclude that Revolut don't have a legitimate basis for wanting to limit its exposure to the risk that may come from receiving or allowing international payments from Russia which may involve UK or international sanctioned persons, such as correspondent banks. I haven't seen compelling evidence to demonstrate that such a policy, falls outside Revolut's legitimate exercise of commercial discretion when it comes to setting out its risk appetite.

That being said I'm not satisfied Revolut communicated this in a sensitive and clear way. Revolut did not tell Mr A his payment couldn't be approved due to the US sanctions in place. But given this information is available publicly, I'm satisfied Revolut should have told him the specific sanction that had been applied to the transfer made by Mr A's mother. And that it had made a commercial decision not to accept payments from Russia due to the risk of international payments potentially involving entities subject to sanctions. Revolut's sanctions compliance statement did not specifically state they are not accepting all transactions from Russia – so I don't think providing Mr A with this document was helpful

But this doesn't mean a firm can't have a policy focused on its risk appetite in relation to payments emanating from a country where there is more heightened risk of sanction breaches occurring. And in-line with the expectations set out in the Equality Act, all individuals must be treated fairly and reasonably and not treated differently based on their nationality.

Based on everything I've seen, and the circumstances of this particular complaint, I'm not satisfied Revolut treated Mr A fairly in its communication with him. I can understand why he would have felt misled, and given the sensitivity of the situation, I can understand why he was caused offence and frustration, which could have been avoided or shortened had Revolut been clearer.

Mr A says the whole experience has caused him a lot of stress and anxiety. I've considered how Revolut actions impacted Mr A. Revolut hasn't accepted that it has done anything wrong when it told Mr A that it wasn't accepting transfers to and from Russia. And has said that £400 compensation is a lot considering it didn't actually receive the funds. Mr A doesn't see it that way. He believes that what Revolut has done goes beyond a commercial decision. He has felt discriminated against. I can understand why Mr A feels this way, and I do think Revolut hasn't quite grasped how its communications have made Mr A feel. And it's only right that Revolut recognises this.

In terms of fair compensation, about how Revolut's actions made him feel. I'm minded to say that £400 is a fair amount of compensation and proportionate to the trouble and upset Mr A was caused in the overall circumstances of this complaint.

My final decision

For the reasons I've explained, my final decision is that I uphold this complaint. To put things right Revolut Ltd should pay Mr A £400 compensation for the trouble and upset this matter has caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 23 December 2024.

Sharon Kerrison
Ombudsman