

The complaint

Mr S complains that Revolut Ltd (Revolut) unnecessarily stopped and cancelled a funds transfer he requested through them. He is also unhappy about their explanation and how they handled his complaint.

What happened

In May 2024, Mr S input a payment request using Revolut's system to pay a friend of his whom Mr S had paid before; Mr S input some information into the payment reference field to denote the payment purpose. Revolut needed more information about the payment so they pending it and contacted Mr S who provided the information they needed. As a result, Revolut told Mr S they could not process the payment and cancelled it.

When Mr S queried why, Revolut said they could not share the reason due to internal security reasons. Mr S continued to enquire with Revolut as to why his payment had been cancelled and eventually, the matter was referred to a specialist team within Revolut. They told Mr S that the payment was cancelled as they were 'unable to proceed with transfers from this sender', and this was because they were 'not currently partnered with their bank due to some internal reasons that they couldn't disclose'.

As Mr S decided after the cancellation to make a replacement payment – but inputting different information in the payment reference field, which was successful - Mr S raised a complaint with Revolut who investigated and provided a final response letter. In it, Revolut explained that at times, they must perform security checks which helps fulfil their regulatory obligations, and referred Mr S to the relevant section of their terms and conditions. They did apologise for Mr S having to go through the situation and for the troubles it caused him. In conclusion, they said that Revolut acted in accordance with guidelines and regulation and so did not uphold the complaint. However, they ended their response by refunding a total of £44.97 in fees as a goodwill gesture towards Mr S's experience.

Remaining unhappy, Mr S brought the matter to our service reiterating that he was not asking for anything other than a clear and transparent explanation, as well as an apology for the offenses and humiliation. Our investigator liaised with Revolut who gave more information about the compliance screening that the payment was subject to. Mr S also provided more details as to how he made the payment, and the replacement, including the payment reference details.

After looking into the complaint, our investigator said they would not be asking Revolut to pay any more compensation, but upheld the complaint based on the evidence they received and the investigation. Our investigator said the first payment was almost certainly cancelled due to Mr S inputting the word 'Iran' within the payment reference, something he omitted in his successful, replacement payment, saying this is due to the public sanctions list. Finally, our investigator said that Revolut could have been clearer with Mr S.

Revolut responded to our investigator's view saying they accepted it.

Mr S responded to our investigator's clarity point saying Revolut were never clear as they refused to explain things and, their explanations were untrue. Mr S queried in light of us upholding the complaint, what the consequences would be for Revolut, whether they need to provide clarity and an apology.

Our investigator responded to Mr S reiterating our role which is to determine whether Revolut acted fairly, and not to punish them for how they acted. Our investigator offered to put Mr S's concerns to Revolut asking for an apology but didn't think there was anything further Revolut needed to do to put things right.

Mr S disagreed saying he felt we had dismissed the distress, inconvenience and agitation caused, and thought that the complaint being upheld didn't really mean anything as Revolut was not required to do anything. Mr S remained unhappy and requested an ombudsman review his complaint.

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.

I have looked carefully at all the information Revolut have provided to see if it has acted within its terms and conditions, followed due process, and to see if it treated Mr S fairly. I've also looked at any further information that Mr S and Revolut have provided after our investigator's view.

One aspect that I wanted to clarify was around Revolut questioning and cancelling the payment. Revolut is fully entitled, and are required to have in place, compliant due diligence procedures as they've explained. This is standard practice across the financial services industry, and Revolut's actions were in line with common practices adopted by financial institutions worldwide to protect their customers. Whilst I acknowledge Mr S's quest to get absolute clarity, Revolut do not have to be explicit in their reason, so I find no error made here, although I do agree with the investigator that they could have been clearer.

I can see that Mr S finds it frustrating that he considers there to be very little consequence to our service upholding this complaint but as our investigator has explained, we are an informal dispute resolution service and we can't tell, or compel Revolut to change its processes. I'm pleased to see that Revolut have fully acknowledged what happened to Mr S, and provided him with as much information as they could about their payment policies, whilst adhering to their own security policies.

I know Mr S feels strongly about how this has affected him but discounting any kind of compensatory gesture which Mr S has made clear he does not want to pursue, I'd expect Revolut to take ownership and express apologies, both of which I'm satisfied they have done.

Another aspect which Mr S has brought up is that Revolut lied about the reason the payment was questioned and cancelled, and I wanted to address this. Revolut initially said within their chats to Mr S that they could not share the reason. After the involvement of another team within Revolut, they said the reason was connected to the partner bank but still could not disclose the exact reason. Equally, Revolut's final response letter also said the reason was around security. Then after referral to this service, our investigator said on balance, they regarded the reason for the payment query and cancellation to be due to the word Iran being part of the payment reference. In view of the Iran aspect simply being our investigator's view, rather than a fact, I can't agree that Revolut have been dishonest.

I move now to the impact on Mr S of Revolut's actions and in terms of financially, I note that Mr S has stated that he has not been affected this way, and has stated more than once that he is not asking for money. Incidentally, I do regard Revolut's crediting of £44.97 to be exactly what it is i.e. a goodwill gesture in the circumstances, rather than compensation to represent inconvenience.

In terms on non-monetary impact, in view of the fact that a replacement payment was successfully made the same day, with no requirement to chase Revolut, I can't see an impact that needs addressing.

My final decision

For the reasons I have given it is my final decision that the complaint remains upheld. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 26 September 2024.

Chris Blamires
Ombudsman