

The complaint

Mr L complains Revolut Ltd (Revolut) following a system error, failed to reinstate his direct debit.

What happened

Mr L says he received a notification from Revolut to say that due to a system error it had cancelled certain direct debits, but it also said it would reinstate any it cancelled, but this never happened. Mr L says he uses his bank account to pay for a lottery syndicate and Revolut failed to mention that certain merchants do not reinstate direct debits and he would need to check this himself.

Mr L says he was left to try to rearrange the direct debit, and this caused him a great deal of inconvenience and stress as he had to make weekly visits to the local shops to pay manually. Mr L says Revolut never accepted it made a mistake in the first place, and its offer to upgrade his bank account wasn't an acceptable offer of compensation.

Revolut apologised and says the cancellation of Mr L's direct debit was due to a system error, but some merchants can't reinstate these automatically and require a client's consent first. Revolut says unfortunately it couldn't predict the outages and its terms and conditions couldn't promise that its service is free from faults. Revolut offered Mr L a free 3-month upgrade to a premium account by way of apology.

Mr L wasn't happy with Revolut's response and referred the matter to this service.

The investigator looked at all the available information and upheld Mr L's complaint. The investigator says although Revolut advised Mr L to contact the merchant if a payment hadn't been reinstated, he wouldn't have been aware of that until after the direct debit had failed to be taken. The investigator felt because the direct debit was for a syndicate and not just Mr L solely, it would have caused him more stress and inconvenience and felt a more appropriate level of compensation of £40 should be paid.

Mr L didn't agree with the investigator's view and felt £200 was a more appropriate sum and asked for the matter to be referred to an ombudsman for a final decision.

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 will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been both frustrating and inconvenient for Mr L to have to take steps to reinstate his lottery syndicate direct debit, even though its cancellation wasn't of his doing. When looking at this complaint I will consider if the redress offered by Revolut and subsequently suggested by the investigator goes far enough here.

Mr L's complaint centres around the fact due to a system error at Revolut, a lottery syndicate direct debit from his bank account was cancelled, and despite the fact Revolut had informed him it would be reinstated, it was in fact left to him to sort out.

I understand the points Mr L makes here and it's clear he has suffered some inconvenience but that said, from the information I have seen Revolut did explain in a web chat message that if a payment was missed due to its technical error, to get in touch with the merchant to pay manually. It's fair to say and as explained by Revolut, not all merchants allow the reinstatement without the customers authority and unfortunately that was the case here. So in this situation, Revolut weren't able to reinstate the direct debit without Mr L taking further action and it's difficult to see how it could have predicted the lottery direct debit would fall into that category.

So, without trying to minimise the frustration and inconvenience this matter would have caused Mr L, unfortunately there are times when system errors like this occur, and some action would be required by the customer. What I should explain is that it's not my role to punish or penalise businesses when technical issues like this happen, but to ensure it apologies for that and explains what steps need to be taken to put things right. I am satisfied on balance Revolut did that here.

That said, like the investigator I don't feel an account upgrade is the correct type of redress here and I'm satisfied the £40 compensation suggested by the investigator is more appropriate in the individual circumstances of this complaint. While Mr L will be disappointed with my decision, I feel this is a fair outcome here.

Putting things right

I instruct Revolut Ltd to pay Mr L £40 for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct Revolut Ltd to pay Mr L £40 for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 11 November 2024.

Barry White
Ombudsman