

The complaint

Mr S complains that Revolut Ltd sent back a payment made to him in respect of a refund on the cancelled purchase of a car. And that the seller denied receipt of the money.

What happened

On 30 October 2024, Mr S paid a dealer the purchase price for a car, of £5,400. However the dealer was unable to deliver the car and agreed to refund the money to Mr S's Revolut account. Revolut advised Mr S that, because the transaction was flagged by its automated system, the payment would be reverted i.e. sent back to the dealer's account. It blocked Mr S's account and asked him to provide various documents concerning his salary, proof of employment etc. He was also asked for documents proving the source of the funds from the dealer.

Mr S provided the documents to allow Revolut to verify his account. And on 5 November it advised that this had been completed successfully. He would now be able to use the account. But Mr S hadn't provided sufficient evidence concerning the source of his funds from the dealer. He later provided a document which was a paying in slip in respect of the payment into his account by the dealer. But it didn't show who the payer was.

Revolut confirmed that the funds were returned to the dealer's bank account on 30 October. It said that as the payment had been reverted, the funds should be paid back to his Revolut account. Mr S says he was told by the dealer that they hadn't received the money back into their account. He tried contacting the dealer's bank but he says they couldn't provide information to him as he was not a customer.

Revolut later clarified that it was justified in reverting the payment as it hadn't received satisfactory evidence about its source from Mr S.

On referral to the Financial Ombudsman Service, our Investigator said Revolut shouldn't have reverted the payment before asking Mr S for details about it. But as it hadn't made an error, he didn't think the complaint should be upheld.

We have since been told by the dealer's bank that the payment was received into the account on 30 October.

The matter has been passed to me for an Ombudsman's consideration.

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.

First of all, I've noted that the original payment for the car was not made through Mr S's Revolut account. So Revolut wasn't in a position to decide whether or not to block that initial payment. All payment service providers (PSP's), including banks are required to have in place systems which protect customers' accounts by identifying possible fraud. The process

is automatic, which means that when certain risks are identified a payment will be blocked until it can be verified. And the terms and conditions of Mr S's account do make it clear that Revolut can do this.

In this case, the block was applied to Mr S's account because of the payment into it from the dealer. As our Investigator has noted, for reasons of business confidentiality, we can't set out why this credit resulted in his account being blocked. I am satisfied that Revolut has justified why it blocked the account in the first place.

However, it hasn't been clear about why the money was immediately sent back to the dealer's account. If this was a payment out then it would be held pending verification by the customer. And if it was not satisfied it would decline to make the payment. I think the same principles apply with regard to an inbound payment. That is, if it isn't satisfied that the payment can be verified, it can *then* return the funds. So I do think that Revolut was over hasty in reverting the payment straight away before it asked Mr S for the necessary evidence.

Having said that I note that Revolut was satisfied that Mr S's account itself could be unblocked. And it did ask for evidence at the time about the transaction. Unfortunately the only evidence Mr S was able to produce was a paying in slip apparently completed by the dealer but with no evidence about the actual payer. So I'm satisfied that the payment would have been reverted anyway.

Mr S was then involved in lengthy chats about getting the money back, though Revolut made it clear that the payment had been reverted and, as far as it was concerned the payment had gone out so it no longer had any control over it. As I've said, we have now received a response from the dealer's bank so that we can say for sure that the money was received in their account on 30 October. So Mr S should be able to chase up the payment back to him of his money.

So Revolut in my view shouldn't have reverted the payment in without giving Mr S the opportunity to verify it. As he hasn't produced satisfactory evidence of the source of the funds I think the payment would have been reverted anyway. And as it's now been established that Revolut did transfer the funds back to the dealer's bank account, I won't require it to take any further action or to pay compensation.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 July 2025.

Ray Lawley
Ombudsman