

complaint

Mr C complains that he was given misleading advice by Revolut Ltd.

background

I sent my provisional decision to both parties on 15 October 2019. A copy of this is attached below and forms part of this final decision. In it I set out the background to this complaint, and I explained why I didn't think it should be upheld.

I invited to both parties to make further submissions for my consideration before I reached my final decision.

Mr C responded to say he disagrees with my provisional decision, but he's willing to accept it. He did point out that there was no information on Revolut's website to warn him that a reverted transaction wasn't void. And he also explained that he hadn't noticed his question had been answered by its Chatbot and not a live agent, and that this contributed to his misunderstanding here.

Revolut responded to say that it accepted my provisional decision.

my findings

I've reconsidered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I've thought about Mr C's further comments, and I can see how this misunderstanding arose. But I still think, for the reasons I outlined in my provisional findings, that Revolut acted fairly and reasonably towards him here. So I'm not going to ask it do anything further in respect of this complaint.

my final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 November 2019.

Jenette Lynch
ombudsman

copy of provisional decision

complaint

Mr C complains that he was given misleading advice by Revolut Ltd.

background

On the 6 December 2018 Mr C made a large purchase in Japanese Yen (JPY). The merchant failed to collect the funds and they were released back to his multi-currency Revolut account. Mr C then moved some of these funds out of the account for other purposes.

On the 15 January 2019 the payment was debited from his account. There wasn't a sufficient balance in his JPY wallet to cover the payment at that time. So Revolut took funds from his sterling (GBP) wallet to cover the transaction, leaving it in a negative balance.

Mr C complained to Revolut that this shouldn't have happened. Revolut confirmed that the payment had been reverted on the 22 December 2018, but explained that it had then been processed as an offline transaction on the 15 January 2019. It said that the delay in the payment being collected was due to the actions of the merchant, not Revolut. And that it couldn't have stopped this offline transaction from happening. But as a gesture of goodwill it agreed to give Mr C 6 months to settle the negative balance on his account.

Mr C wasn't happy with this response so he came to our service. He says that if he'd known the transaction was pending he would have ensured there were sufficient funds in his JPY wallet to cover it when it did go through. But based on information he'd been given by Revolut –that the payment had been reverted - he didn't think this could happen.

To put things right Mr C wants Revolut to apologise for telling him that the payment had been reverted. And he thinks it should take steps make it clearer to its customers what it means when it uses terms like this. He feels the advice it gave him prevented him from having control over the timing and exchange rate used for the transaction. And says it cost him an additional £600 as a result.

Our investigator looked at what had happened and said that Revolut wasn't at fault for the merchant claiming the funds at a later date. But that he thought Revolut should have used the funds that were in Mr C's JPY wallet to make the payment, before taking the remaining shortfall from his base currency (GBP) wallet. He felt that if it had, the extra cost of the transaction to Mr C would have been reduced. He also said he thought that the term 'revert' could've been more clearly explained. And asked Revolut to pay Mr C £75 compensation for the distress and inconvenience caused by the issues he experienced.

Revolut didn't accept this view. It says the information it gave to Mr C about reverted transactions was provided by its automated 'Chabot' in relation to a different query, and that he didn't ask to speak to a live agent about this transaction until after it had been settled. It also says that it took the payment from his GBP wallet correctly, in line with the terms and conditions of the account. So the case has been passed to me to decide.

my provisional findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I can see Mr C feels very strongly about this matter and is concerned that other customers may interpret advice given by Revolut in the same way he did here. But to clarify, this service looks at individual complaints. We don't have the power to ask a business to change its processes. So I can't ask Revolut to amend the information that it provides to customers. But I can consider whether the information it provided to Mr C was misleading in the individual circumstances of his complaint.

I know Mr C will be disappointed, but having done so, I don't think that this complaint should be upheld. I'll explain why.

On the 4 December 2018, two days before he made the transaction he's complained about here, Mr C was provided some information by Revolut's automated online 'Chatbot' service.

He uploaded a screenshot of a transaction from his account and said that he couldn't remember *"whether the reverted transaction was legitimate"*. Revolut's automated response service told him that *"If the merchant has yet to accept your payment and 7 or more days have passed, the funds may be reverted back to your account – depending on the transaction type. Alternatively, a merchant can cancel a payment at the point of sale, due to security issues"*. Mr C didn't reply to this message.

Mr C says that based on this information he thought that, given the money had been returned to his account, the merchant would need to contact him to repeat the transaction he'd made on the 6 December 2018. He feels that Revolut should have explained what it meant by the term 'reverted' more clearly if this wasn't the case.

I've thought about this carefully, but I'm not persuaded that the information Revolut gave him was incorrect or misleading. I note that whilst Revolut had explained that the funds may be reverted back to his account it hadn't stated that this meant the transaction was void, or that the merchant couldn't still claim the funds at a later date. And I don't think this was directly implied. I also haven't seen any evidence that Mr C asked for more details, or queried this advice any further with Revolut prior to his payment being debited on the 15 January 2019.

Mr C says that if Revolut had offered him a more detailed explanation of what might happen after funds are reverted back to an account he would've maintained a sufficient balance in his JYP wallet to cover the payment. I don't doubt this. But I don't think it would be fair for me to say that Revolut did anything wrong by not pointing this out in the context of the conversation he had with it on the 4 December 2018. So I don't think it would be reasonable for me to ask it to apologise to him on this basis.

I also haven't seen anything to suggest that Revolut acted incorrectly when it processed the payment. I appreciate Mr C didn't have an overdraft facility in place with Revolut. But its website does explain that in some instances offline transactions (such as this one) can take an account overdrawn. Revolut's terms and conditions require customers to top-up their account immediately in such a situation. But here Revolut agreed to give Mr C six months to clear his negative balance, which I think was reasonable in the circumstances. And I understand it's now been repaid.

Mr C was upset that this payment was taken from his GBP wallet rather than his JPY wallet. And I note that his JPY wallet did have a positive balance at the time the payment was taken, although neither account contained enough funds to cover the payment in full.

Revolut's website says that it will select which currency balance to deduct spending from in the following order;

- A. *The currency of the payment (e.g. if you are in the UK carrying out a transaction in Euro, we will deduct funds from your Euro balance)*
- B. *Your base currency (PLN), which is determined by your home address*
- C. *The next active currency (including any cryptocurrency) with a sufficient balance*

Its website terms and conditions also advise that *"If you choose to be charged for your purchase in a currency other than the currency for which you hold enough Electronic Money in your Revolut Electronic Money Account, then our Exchange Rate will be used"*.

Mr C didn't have a sufficient balance in any currency to cover the transaction when the merchant collected it. Revolut therefore deducted it from his GBP account, as it says it will only allow a customer to go into a negative balance in their home currency. I think this was reasonable.

Our investigator felt it could have minimised the additional costs of the transaction to Mr C by taking it in part from the available balance in his JPY account. But Revolut says that it only takes funds from one currency balance at a time, so it wasn't possible for it to do this. I can see this information is set out on its website. And I don't think its terms and conditions imply otherwise. So I don't agree that it acted unfairly or unreasonably here.

I appreciate why what happened is so frustrating for Mr C. And I'm glad to hear the merchant has reimbursed him for the loss he suffered as a result. But for the reasons I've outlined above, I don't think Revolut made any errors here. So I'm not intending to ask it to pay Mr C the compensation suggested by our investigator.

my provisional decision

My provisional decision is that this complaint should not be upheld for the reasons I've outlined above.

Jenette Lynch
ombudsman