

## **complaint**

Mr G complains about what happened when he asked Revolut Ltd to make two overseas payments for him.

## **background**

Mr G told us that he's self-employed, and has an account with Revolut which offers the features of a small business bank account. He pays €6.99 per month for that.

Mr G said that he was purchasing machinery from a firm overseas, on behalf of a client. He said that the client had paid him, and he asked Revolut to make the transfer to his supplier, in Hong Kong. This payment was for \$17,000 US dollars (USD), and Mr G said he asked for it to be sent on 21 September.

On 25 September, he was contacted by the supplier, to say it hadn't received the payment. Mr G asked Revolut, and it said that everything was fine, there was just a short delay. But Mr G said the money never arrived. He found out on 11 October that the intermediary Revolut uses to make this transfer returned the money to Revolut on 4 October. But Revolut didn't tell him this until 11 October, and he didn't get the money back into his account until a considerable time after that. Mr G said that between 4 and 11 October, Revolut continued to insist that the transfer had been done, and Mr G's supplier should be receiving the money.

Mr G said that this meant that none of the machinery he was trying to buy for his client had been shipped.

He also told us that he'd made a second payment, on 26 September. That was for \$4,886, and was being sent to China. As of 11 October, Revolut was still saying that payment was fine. But that money hadn't arrived either. So again, this supplier hadn't shipped the machinery that Mr G was trying to order.

Mr G said that he'd now noticed that Revolut's terms and conditions say it won't support transfers to China, although it will support transfers to Hong Kong. Mr G said that if that was the case, he shouldn't have been able to select China as the destination country, and make a payment to that supplier, using Revolut's app.

Mr G said he wanted €500 per week compensation, and to cancel his contract with Revolut.

Mr G wrote again on 16 October, to say he still didn't have any of his money back. His customer had eventually transferred \$17,000 to the supplier. Mr G said that he would have to reimburse him, and to pay all the fees of the transfer. And Mr G said he wanted Revolut to pay him back the euros he paid in each of the two transfers he'd attempted. He didn't want to lose anything because of a less favourable exchange rate from USD to euros.

Mr G said that he was losing sizeable orders because he had no stock. He then told us he'd received a response to his complaint from Revolut.

When Revolut wrote to Mr G about his complaint, it said that the first payment had failed, and been returned to it. It said that it hadn't been able to pay this money back to him, because of bad formatting of the payment return form. It said that its banking partner, which it uses to make international transfers, was responsible for that bad formatting. So it said that it couldn't be held liable for this. It pointed to a part of the terms and conditions of Mr G's

account which say that it won't be liable for delays beyond its reasonable control including actions by a third party, and it also said that it wasn't responsible for any consequential or indirect loss incurred by Mr G as a result of it failing to perform a transfer.

Revolut said that it had refunded Mr G the monthly account fees he'd paid so far, and it was going to waive the rest of his fees for the next eight months, so he had a year free of charge.

Mr G has told Revolut he doesn't want that. He isn't interested in keeping the service, even for free.

Revolut sent us Mr G's statements. It said that the first transfer was returned to it for compliance reasons. It didn't know it had that money until 11 October. Revolut said it then had to make IT changes to be able to move the money from its master account to Mr G's account. It hasn't clearly said why the second amount was returned.

Revolut said that Mr G had now got back all of his money. And it has paid Mr G back all the fees he'd paid so far for his business account, which was €34.95. And it had credited him with €105.91 for the inconvenience. Revolut still didn't think it should be liable in this situation, because of what its terms and conditions said.

Our adjudicator upheld this complaint. She said that Revolut should compensate Mr G for any loss he may have experienced as a result of exchange rate shifts between USD and euros, that may have meant that Mr G got back less in euros than he transferred out. If he did get back less, then Revolut should pay Mr G that difference, plus 8% interest.

Our adjudicator said that she knew Revolut said that it wasn't liable for "*delay or failure to perform our obligations under these Terms (including any delay in payment) by reason of any cause beyond our reasonable control including but not limited to any action or inaction by you or any third party.*" But she thought that what had gone wrong was within Revolut's control. She said that Revolut had failed to put things right as a priority. She thought that Revolut should pay Mr G an extra £350 in compensation to make up for the distress and inconvenience caused to him.

Mr G didn't think that was enough to compensate him for the length of time his money was missing, and all the problems he'd had with cancelled orders. He said he'd lost over €5,000 in direct orders, not to mention loss of reputation. But he said he'd accept it, because his financial situation at the time meant that he had no choice.

Revolut didn't agree. It thought what it had offered was fair, and it wanted an ombudsman to consider this complaint. So the case was passed to me for a final decision.

### **my provisional decision**

I issued a provisional decision on this complaint and explained why I proposed to uphold it. This is what I said then:

- I said I'd start by looking at what I thought was most likely to have gone wrong in this case.
- Revolut hadn't told us what went wrong with the transfers. It didn't seem to think it had to. It just said that it wasn't responsible for the actions of a third party.

- When Mr G told Revolut he wanted to send money to these two companies, Revolut didn't take that task on itself. It asked a different bank to do that for it. Revolut told us that it doesn't yet make its own international transfers.
- I thought it was fair to say that, once a transfer like this has gone wrong, it's Revolut that has all the information about what has happened. So I thought that the onus was on Revolut to show that what went wrong wasn't its fault.
- And while another bank is acting as Revolut's agent, and making international transfers for Revolut, it's my view that Revolut is responsible for what this other bank does. I didn't think that the terms that Revolut pointed to, which say it's not responsible for the acts of third parties, also meant it wouldn't be responsible for the acts of its agent.
- Revolut hadn't shown us that it, and the bank working for it, did everything possible to make sure the transfers were successful. And it hadn't shown that it wasn't its fault that the money wasn't returned to Mr G straight away.
- On the first issue, of why the transfers went wrong, I noted that our adjudicator asked for the forms that were used to send this money overseas, but we hadn't been sent them. So Revolut hadn't shown that the bank making transfers for it made two full and accurate sets of requests to transfer the money to the companies Mr G wanted to pay. We simply didn't know if that bank got that right or not.
- But we did know that Mr G tried to make two payments. And at least one of these was apparently returned for compliance reasons. Mr G says that he was later asked which other countries he was trading with. He thinks that this was probably a compliance question that the bank working for Revolut asked, that was never passed on to him. He says he could have answered it easily, and there were no other compliance concerns.
- The questions that Mr G was asked, were questions I would normally expect to be raised during a transfer, as part of making sure that it's ok to go ahead with that transfer. But Mr G says that he was only asked them later.
- I'd considered the information we did have about the transfers, and I thought it was more likely that those transfers failed because of poor communication between Revolut and the bank acting on its behalf.
- Revolut also hadn't shown that it wasn't responsible for the delay in returning money to Mr G, once it had been paid back to Revolut. I thought it clearly was responsible for that. It said it had no previous experience of a payment being returned to its master account, and no way of foreseeing that this could happen. I simply didn't agree that this was in no way a foreseeable event. And I didn't think it was reasonable for Revolut to hang on to Mr G's money, or indeed not to notice that the money had been returned. Whatever the IT problems were, they didn't provide a justification for not paying back Mr G's money.
- So I agreed with our adjudicator that Revolut should pay Mr G some compensation.
- Our adjudicator mentioned two things she thought Revolut should pay for – to make up for any unfavourable change in the exchange rate, and to make up for the distress and inconvenience that Mr G was caused. I said I'd look at each of those in turn.

- Revolut has shown us Mr G's account history. That showed each of the two transfers he tried to make. I was aware that Revolut's account type allows a customer to hold more than one currency at once. But I understood that Mr G had been paid, and works, in euros. He needed to make his payments to suppliers in USD.
- On 21 September, Mr G exchanged €17,079 to \$20,092.58. On the same day he transferred \$17,000 to a company in Hong Kong, leaving some money in USD in his account.
- Mr G then made another payment of €1,600 into his account on 26 September, and exchanged that amount for \$1,879.60. On the same day, he transferred \$4,886 to a company in China.
- He received a refund of the \$17,000 transfer on 25 October. He exchanged \$17,000 to €14,949.29 on 26 October.
- He received a refund of the \$4,886 transfer on 8 November. He exchanged \$4,886.01 to €4,310.58 on 9 November.
- So it looks as if Mr G changed a total of €18,679 into \$21,972.46. He then changed back a total of \$21,886.01 to €19,259.87
- It looked to me as if the exchange rate did change in the intervening time, but it seemed to have changed in Mr G's favour. So I didn't think that Revolut needed to compensate Mr G for the change in the exchange rate.
- Mr G told us that he lost a considerable amount of business, and at least €5,000 in direct profit, from these failed transfers. But Revolut says it isn't responsible for that. It's pointed to a provision in its terms and conditions which says
  - o *23.7 We shall not be liable to you for any:*
  - o *...*
  - o *consequential or indirect loss (such as loss of profits or opportunity) you may incur as a result of us failing to perform our duties under a Revolut Transaction;*
- I didn't think it was unfair for Revolut to restrict what it will pay if a transfer doesn't go through, in this way. So I didn't think I could simply award Mr G the profit that he told us he'd lost.
- But equally, I thought that what had gone wrong in this case, with these two transfers, was either clearly Revolut's fault, or more likely than not to be Revolut's fault. And Mr G has described the very significant impact this had on his business, and on him personally. Large sums of money had been paid to him as an advance on purchases for his business. He didn't have that money, and the supplier didn't either. Mr G told us that this not only meant he struggled to keep his business going, but also struggled to find money to pay his rent and feed himself.
- I appreciated that the money had now been returned to Mr G, and that, fortuitously, he had even benefitted a little from exchange rate changes. But I also noted that the impact that this has had on Mr G, as a result of the damage to Mr G's business, was likely to be ongoing. I still thought that Revolut should also pay compensation in this case. And I

didn't think that the amount our adjudicator awarded was quite enough. I thought that Revolut should pay Mr G £500 in compensation.

- Finally, Mr G also said that he wanted to be released from his contract with Revolut. Given the service that he's received, I thought that was a reasonable request. So I thought it was fair to say that Revolut shouldn't charge Mr G anything for what remains of his initial one year of service. It should allow Mr G to close his account before this year is up, without penalty.
- I said I'd like to close by reminding both sides that Revolut hadn't yet provided detailed information on the transfers it asked its agent bank to make for it. My provisional decision was based on what I thought was most likely to have happened, drawing on the evidence I had then. There was an opportunity for both sides to send in further evidence, and I said I would conduct a complete review of the above before I issued a final decision.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Mr G sent us a reply. Revolut said it had received the decision, and it would be commenting, but it didn't actually do that before the deadline set out in our letter.

### **my findings**

I've reconsidered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I haven't changed my mind.

Mr G told us that it was true that the exchange rate had moved in his favour when he got the refunds, but he said that we'd forgotten that he then had to send money to the supplier again, with a less favourable exchange rate that time. He said that he didn't want the money back in his account, he wanted to pay the suppliers.

Mr G also said that the damage to him was much more than the £500 I'd suggested as an award, but he didn't want to delay my final decision.

I appreciate that Mr G would still have needed to make sure that the amount in USD reached the companies he was purchasing from, but Mr G hasn't shown us when that money was finally successfully sent, or what exchange rate was used. I understand that one of the payments at least was actually made by Mr G's customer, rather than by him. Mr G hasn't sent us any evidence of the payments made, to show what rate applied. And given Mr G's clearly expressed preference to have a quick resolution to this case, and the financial problems he's told us that he was experiencing, I don't think I should delay this decision to ask for that evidence.

Revolut said it intended to comment, but it hasn't. Again, given the concerns that Mr G expressed about delaying a decision, and the financial problems he's told us about, I don't think I should delay my decision in this case to ask Revolut to send comments.

I'll now make the decision I initially proposed.

**my final decision**

My final decision is Revolut Limited must pay Mr G £500 in compensation. It must waive any charges for Mr G's first year of service, and allow Mr G to close his account without penalty before that year is up.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 July 2019.

Esther Absalom-Gough  
**ombudsman**