

The complaint

Mr K complains that Revolut Ltd were at fault for issues relating to a payment to his friend and the subsequent return of the money.

What happened

Mr K had attempted a payment of £660 to his friend overseas but a week after the transfer his friend realised that she hadn't received the money Mr K sent. Mr K contacted Revolut who informed Mr K that they had sent the money.

Mr K's friend enquired with her bank (the beneficiary bank) where the money was but they denied receiving the funds. Mr K said he finally transferred her the funds from an external bank account and this money arrived on the same day.

Mr K says that after two weeks, Revolut had told him that the beneficiary bank had cancelled the transfer and the money was with another bank. Mr K says that Revolut asked him and his friend to chase this up with the beneficiary bank and the corresponding bank and sent him documents and banking codes so he could forward these on.

Mr K says that Revolut refused to offer him a refund into his account. They also refused to pay him any compensation for inconvenience. Mr K asked his external bank to raise a chargeback on the original transaction which they did. Mr K says that Revolut reduced his balance by this figure which resulted in him having a negative balance. Mr K says a family member sent him £1,000 but his balance was only £340.

Mr K says that approximately one month after he made the initial transfer Revolut finally managed to credit his account with £660 and he tried to close his account. Mr K made a complaint to Revolut. He said they failed to deliver a service within a reasonable timeframe, they failed to offer a refund even when they had been notified the beneficiary bank had cancelled the transfer, they failed to give him a timeframe of when the money would be returned and asked him to keep chasing the beneficiary bank.

Revolut did not uphold Mr K's complaint. They said that they weren't at fault for the negative balance as they had informed Mr K they had raised a trace of the funds sent but Mr K had initiated a chargeback through his bank, which meant the funds were removed from his Revolut account as the chargeback was successful.

Mr K brought his complaint to our service. Our investigator explained that he would split Mr K's complaint and his concerns about the chargeback would be dealt with separately.

Our investigator did not uphold Mr K's complaint. He said that the regulator stipulates that payment service providers should not be held liable if the transfer failed because of abnormal and unforeseeable circumstances beyond the business's control. As Revolut had sent the money and the payment instructions weren't followed by a corresponding bank then Revolut couldn't be held responsible for this error. In addition, the payment instructions were sent in good time. Our investigator said he didn't believe Revolut's requests for Mr K and his friend to contact the recipient bank were unfair as it was apparent that these requests

were made principally for the purpose of establishing whether the funds had genuinely been lost. He also said that the delays didn't occur as a consequence of Revolut's acts or omissions as Revolut had been prompt in actioning Mr K's instructions.

Mr K asked for an Ombudsman to review his complaint. He said that Revolut's terms and conditions state a one day delivery of the funds and that it's the responsibility of the sender bank to trace the money.

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.

Mr K has made a number of points to both Revolut and this service and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

Mr K is aware that the chargeback aspect of his complaint is being looked at separately to this part of his complaint. So I won't be referring to the chargeback element of his complaint in my decision.

I've considered what Mr K has said about Revolut's terms and conditions. Section 19 of the terms and conditions state *"If you make a payment in £ or €, once we've taken the payment from your account, it will reach the account of the person you are paying the next business day."* But I'm not persuaded that it's fair to look at this sentence in isolation. I say this as there are other sections of the terms and conditions which state it's not always in Revolut's control to be able to do this. I'm persuaded that it's fair to read the terms and conditions collectively here.

Section 15 of the terms and conditions explains that Revolut will *"always try to process your payments correctly and on time, but sometimes things go wrong and a payment might be delayed or not received by the person you wanted to pay."* So I do think that Revolut make it clear that there will be times that a payment can't be received by a beneficiary as intended. In addition, section 20 of the terms and conditions state that the payment can be delayed *"if, even after doing everything reasonably possible, we won't be able to make the payment on time"* or *"if a third party prevents us from making the payment."*

So I've looked at what happened after Mr K submitted that transfer instruction to see if Revolut were responsible for any errors or delays here and I'm satisfied that they acted as I would expect this situation. I say this as the payment instructions were received and executed by Revolut within one business day. From there, the funds were received by the recipient bank's London branch (or at least their intermediary bank) within the one business day timeframe.

What I'm persuaded happened subsequently, was human error between the recipient bank's London branch (or intermediary bank) and the branch in the recipient's home country. This resulted in the funds not reaching Mr K's friend's account in time and resulted in the transfer being cancelled (but not returned to Revolut immediately). I'm satisfied that this error was both outside of Revolut's reasonable control and was from the actions of a third party cancelling the payment. In order to uphold this part of Mr K's complaint I would need to see that Revolut had made an error here and I'm satisfied that they haven't. I can't hold them responsible for an error made by a third party bank which is outside of Revolut's control.

Next I've thought about what Mr K has said about it's the responsibility of the sender bank to trace the money. So I've looked at what Revolut have done here. Revolut attempted to contact their partner bank (Revolut's partner bank weren't responsible for the error in the money not being received by the beneficiary bank) on the day Mr K made them aware of the issue. And they chased this up the following day. Revolut did manage to trace the payment and reccredited this to Mr K's account. This took a lot longer than Mr K would have wanted it to but I'm satisfied that this wasn't due to any actions that Revolut took to trace the funds. And as the money was with a third party bank, this is why they would be unable to give Mr K an accurate timeframe of its return.

I've noted the strength of feeling that Mr K has regarding that he feels he's done Revolut's work as he and his friend have contacted other banks involved to try and resolve the issue quicker. But Section 15 of the terms and conditions states Revolut *"are not responsible if we make a payment to the person you tell us to, even if you gave us the wrong account number, username or phone number by mistake. However, if you ask us to, we'll try to get your money back for you. We may also try to get you information about the beneficiary so that you can try to get it back yourself"*. So while I'm satisfied Mr K gave Revolut the correct details for the payment to reach his friend's account, he did ask Revolut to get his money back to him. As the terms show here, they may also try to get him information which then Mr K would be able to get back the money himself.

But I'm persuaded that Revolut gave Mr K this information and asked him to contact the beneficiary bank because this would be quicker action then if Revolut had sent them a message – banks communicate regarding international transfers through a Society for Worldwide Interbank Financial Telecommunication (SWIFT) message. The payment was not cancelled by the beneficiary bank until 7 October 2020 and as I've mentioned the delays were as a result of the beneficiary bank/corresponding bank delays and not as a result of Revolut's actions. So I'm persuaded that Revolut gave Mr K information to give to the beneficiary bank to help speed up this process and not to neglect their duties to trace the payment. The information Revolut has provided me shows they did put a trace on the payment in a timely manner.

Our investigator explained to Mr K the Payment Services Regulations. And he explained the money which had been sent to the London branch of the recipients bank was supposed to be passed on to the branches in his friend's home country, but only the payment instructions were sent, and that bank cancelled and reversed the transfer – not Revolut. I'm in agreement with him that in these circumstances, we wouldn't expect Revolut to simply refund Mr K his £660. This is because they acted correctly in tracing the funds and they weren't responsible in causing the error. So it would be unfair to ask them to refund the money sent.

Mr K brought a number of legal points in his submission to this service. But it's not for this service to reach a finding on the legality of the points Mr K has raised. Our service is a quick and informal alternative to the courts. So while I've considered what he's had to say about this, I've thought about this impartially – alongside what Revolut have said here. With that in mind Revolut are entitled to set their own fair requirements for how payments are to be processed and I'm satisfied they've done that here and treated Mr K fairly – even if it hasn't led to the outcome he wanted. So it follows I won't be asking Revolut to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 20 July 2021.

Gregory Sloanes
Ombudsman