

The complaint

Mrs C and Mr K complain that when using their Revolut Ltd (“Revolut”) card while abroad it did not apply the preferential exchange rate available for foreign tourists. As a result they say they have incurred financial losses.

What happened

Mrs C and Mr K held a Revolut card. While abroad they discovered that when they used the Revolut card it used the official exchange rate for GBP to foreign currency while other cards were automatically granted the preferential tourist exchange (“MEP”). They say as a result of this they incurred financial losses of around \$166 on eight transactions.

Mr K complained to Revolut about this. He says he was under the impression that Revolut would also apply the MEP rate and requested it refund the difference he paid in exchange rate.

Revolut said this wasn’t possible - as although it accepted that a special rate had been introduced for tourists – it hadn’t changed its exchange rates terms for customers and at the time it was only offering the official exchange rate.

Mrs C and Mr K were dis-satisfied with this and brought their complaint to this service. One of our investigators looked into Mrs C and Mr K’s concerns and reached the conclusion that Revolut charged its rate of exchange – the “real” rate, in line with its accounts terms and conditions. Revolut are not bound by regulations applied in other jurisdictions and as such they didn’t think Revolut had treated Mrs C and Mr K unfairly.

Mrs C and Mr K disagreed. They say customers shouldn’t be expected to read the small print and that everyone else they’d met while travelling was benefitting from the MEP rate and this being the case that should be considered the “real” rate as it was the predominant one operating at the time locally.

Mrs C and Mr K have asked for an ombudsman’s 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 considered everything provided, I’ve decided not to uphold Mrs C and Mr K’s complaint.

I hope that Mrs C and Mr K won’t take it as a discourtesy that I’ve condensed their complaint in the way that I have. Ours is an informal dispute resolution service, and I’ve concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of Mrs C and Mr K’s complaint is that Revolut don’t use the same currency exchange rate as what other companies use.

Mrs C and Mr K are unhappy at the exchange rate used for transactions they made whilst abroad. They say Revolut should have applied the MEP rate they know others were receiving and was the predominate local rate used at the time.

The MEP rate was introduced in late December 2022 and the payments/transactions in question took place in early February 2023. Revolut have told us that the MEP rate is provided by other card schemes and not Revolut, as it happens with all other currencies. So it took it some time to be able to offer this preferential rate.

Before I go any further, I want to be clear in saying that I haven't considered whether the exchange rate Revolut used or is willing to offer is fair and reasonable in comparison to others. Ultimately, this is a commercial decision and isn't something for me to get involved with.

That said, Revolut won't have acted fairly and reasonably towards Mrs C and Mr K if it misled them about the exchange rate it was going to use before they decided to transact on their Revolut card.

Revolut's terms and conditions say that when exchanging money currencies it uses its Revolut exchange rate. Revolut says it uses the "real" rate which can mean different things to different people and can be given different names like "interbank" rate. The rate varies and is determined based on the foreign exchange market data feeds it gets from a range of different independent sources. And customers are able to see in its app what exchange rate it offers for foreign currency prior to transacting.

I haven't seen anything within Revolut's terms and conditions or otherwise to show me that Revolut has stated it would use the MEP rate or could've mis-lead Mrs C and Mr K to believe that is the exchange rate that would be used while they were traveling and transacting in the country in question.

Indeed, from what I have seen I think it's likely Mr K presumed that he would get the MEP rate when transacting on his Revolut card because that's what others said they were getting. Mr K has also provided a photograph of a company advertising that it provides this rate when using it. But the others Mr K is referring to aren't using a Revolut card as far as I'm aware, and the company advertising and processing the MEP rate isn't Revolut – though I accept Revolut uses its payment network.

So I don't think that Revolut mis-lead Mrs C and Mr K to believe they would get the MEP rate. And although in this case the exchange rate Revolut used wasn't as good as what other companies were able to offer at the time, I think there will be times when Revolut's rate is better and I'm afraid this may be just a case of you win some, you lose some.

Mr K says Revolut failed to contact him to inform him that it does not operate the MEP rate after the first transaction. But I don't think it would be fair or reasonable to expect Revolut to contact every customer after they transact to inform them what rates it *doesn't* operate. And Revolut has told us that customers are able to see exactly the exchange rate used for payment immediately after making the first payment.

So it follows I don't think Revolut mis-lead Mrs C and Mr K about the exchange rate it uses or treated them unfairly in applying the exchange rate it did – they were told of the rate that would be used when transacting and are not obliged to use any other rate.

So overall and having considered everything I do not uphold Mrs C and Mr K's complaint.

My final decision

For the reasons I've explained I've decided not to uphold Mrs C and Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C and Mr K to accept or reject my decision before 8 November 2023.

Caroline Davies
Ombudsman