

The complaint

Mr S has complained that Revolut Ltd blocked a payment he attempted to make to an overseas bank account.

What happened

Mr S converted £9,267.32GBP into USD within his Revolut account. Mr S then attempted to make a payment to an overseas bank account in USD but the payment was blocked. After answering questions, and providing a photo of himself, Revolut confirmed that the payment could go through.

However, the third party that Revolut uses to make its overseas payments blocked the payment.

This left Mr S with the USD in his Revolut account. Mr S says he transferred a similar amount of USD to a third party so he could earn interest on the amount whilst he tried to get matters resolved with Revolut.

Mr S complained to Revolut about his payment being blocked. Revolut issued its final response to the complaint on 29 January 2024. Revolut did not accept that it had done anything wrong but did pay Mr S £100 as a gesture of goodwill.

As Mr S didn't accept Revolut's response to the complaint, the matter was referred to this service. One of our investigators assessed the complaint, and they ultimately did not think that Revolut needed to do anything further to put matters right.

Mr S disagreed with the investigator's assessment, so the matter was referred for an ombudsman's decision.

I issued a provisional decision on 11 June 2024. I have included an extract of that provisional decision below and it forms a part of this decision.

"What I've provisionally 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 reviewed everything, I'm minded to uphold this complaint. I will explain why.

Firstly, I note that in this situation, Revolut had placed a block on the payment going through as it suspected the payment could be linked to a scam and so blocked the payment so as to protect Mr S from potentially losing his money.

I note that Mr S was frustrated by this, as he had to spend some time on a web chat and had to take specific actions to get the payment unblocked. However, although I recognise this would've been inconvenient for Mr S, Revolut was nonetheless acting in Mr S's best interests. So, I think it was fair that Revolut took the actions that it did.

As such, I can't say that Revolut did anything wrong in initially blocking the payment. Nor do I think it would be fair to say that Revolut should pay Mr S any compensation for any inconvenience he suffered as a result of the initial attempt of payment being blocked.

However, I note that once Revolut was satisfied that the payment was not part of a scam, Revolut did then allow for the payment to be processed. However, after Revolut did this, the third party it uses to process payments to overseas accounts, blocked the payment.

Revolut says that the third party is a separate entity, and it (Revolut) can't be held responsible for the actions of the third party. But in this instance, Revolut had appointed the third party to process the transaction on its behalf for its customer. So, in the specific circumstances of this complaint, I think it's fair to hold Revolut responsible for the actions of the third party when they were acting on behalf of Revolut.

Revolut says that the third party blocked the payment and that was ultimately why Mr S couldn't make the payment in question. However, when the investigator asked Revolut to provide evidence about why exactly it was blocked, Revolut was unable to say (even in confidence to this service) why exactly the payment was blocked. There are many circumstances where payments may be blocked for legitimate reasons and which it would be the case to say that the blocking of a payment was the right thing to do, or at least was reasonable action to take. But Revolut has not been able to demonstrate that was the case here.

Ultimately Revolut accepted the payment here and I think at that point it had an obligation to help Mr S, as its customer, make that payment in the way he wanted. But when the third party blocked the payment, it doesn't look like Revolut tried to contact it to see what it could do to help or to tell the third party that it had accepted the payment already.

I note that Revolut has invited this service to contact the third party to see why the payment was blocked. But given that the third party was acting on behalf of Revolut at the time, this is something that I think Revolut needs to do should it wish to object to this provisional decision.

As such, based on the limited information this service has been provided with so far, I can't currently say that the decision to block Mr S's payment to the overseas account was reasonable. I say this particularly because Revolut was satisfied (having blocked the first attempt at payment) that the funds could be sent and were not being sent as part of a scam.

Putting things right

As I can't currently say that the decision to block the payment was fair, I have considered what Revolut should do to put matters right.

Firstly, in terms of any distress or inconvenience that Mr S incurred, I do think that the £100 already paid by Revolut was a fair amount. So I don't think any further award is warranted for any distress or inconvenience that Mr S incurred.

I can see that Mr S had asked Revolut on 18 January 2024 to put him back in the position he was before i.e. to convert the USD back into GBP and for Revolut to refund the spread and charges.

In terms of the initial charge of £81.85 to exchange the GBP into USD. I don't think that should be refunded - because ultimately Mr S had received what he'd been charged for i.e. the equivalent amount of his GBP in USD.

But I do think what Mr S asked for to rectify matters regarding the blocked payment was reasonable. That is for Revolut to convert the funds back into GBP without him being charged anything further. In my view that is a reasonable way in which to put things right where I can't say that the decision to block the payment was fair or reasonable.

So, based on the evidence I have been provided with to date, I'm currently minded to say that - provided that Mr S agrees and provided that the money is still in the account - Revolut should:

- *Convert the \$11,642.44 USD back into GBP using the exchange rate as it was on [18 January 2024]; and*
- *Waive any exchange fees that would normally be charged (or refund such fees if they can't be waived)."*

After I issued my provisional decision, Mr S responded and said he had no further comments to make. Revolut did not respond.

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.

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

Having reconsidered everything, as no new information was provided in response to my provisional decision, I see no reason to reach a different outcome from the one I reached in my provisional decision.

So in summary, I think it was fair for Revolut to place the initial block on Mr S's payment, as it had concerns the payment could be part of a scam. And so, as frustrating as it may've been for Mr S, I'm satisfied that Revolut was acting in Mr S's interest at the time. So I don't think it would be appropriate to make any award in respect of Revolut's decision to block the initial payment.

However, once Revolut was satisfied the payment could go through, its third-party payment processor blocked the payment. Despite having had the opportunity to do so, Revolut has not been able to demonstrate to this service why exactly its third-party payment processor blocked the payment. And so, in the absence of that information, I can't reasonably say that the payment was blocked fairly.

I can see that Mr S's payment being blocked again led to him wanting to convert the USD back into GBP without incurring further costs, which in the circumstances seems reasonable.

Putting things right

So, based on the evidence I have been provided with, I require Revolut to take the following actions - provided that Mr S accepts this decision and provided that the money (in USD) is in the account:

- Convert the \$11,642.44 USD back into GBP using the exchange rate as it was on 18 January 2024; and
- Waive any exchange fees that would normally be charged (or refund such fees if they can't be waived).

My final decision

Because of the reasons given above, and in my provisional decision, I uphold this complaint and require Revolut Ltd to do what I have outlined above to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 July 2024.

Thomas White
Ombudsman