

## **The complaint**

Mr P complains that Revolut Limited (Revolut) blocked and closed his account and returned the funds in the account to their original sources, rather than him.

To put things right, he wants Revolut to return his money to him.

## **What happened**

On 6 January 2020, Revolut blocked Mr P's account, and carried out a review. After it completed the review, it decided to close Mr P's account and return the funds in his account to their original sources, rather than sending them to Mr P. At the time, Mr P's account balance was £7,254.16.

Mr P complained but Revolut maintained its position, so he brought his complaint to our service.

Our investigator looked at the case and decided Revolut hadn't done anything wrong by closing Mr P's account, but that it hadn't treated Mr P fairly by returning his funds to source. She thought Revolut should have to return £7,254.16 to Mr P and pay 8% simple interest on the balance, as well as £200 to compensate Mr P for the trouble and upset he had experienced.

Revolut disagreed. It accepted there had been a short delay in carrying out its review, but it didn't agree it had made a mistake in returning Mr P's funds to source. So it asked for an ombudsman to review the matter afresh.

## **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.

### *Account closure*

Just as a customer may close an account with a bank, a bank is entitled to close an account with a customer. But when it closes the account, it must do so in a way that complies with the terms and conditions of the account.

A bank doesn't always have to give reasons for its decision to close an account or advance notice. Having considered the information Revolut has provided, I'm satisfied it acted in accordance with the terms and conditions of Mr P's account when it closed his account.

I understand Mr P's frustration at the situation, particularly given Revolut gave him no notice and didn't explain its decision. And I know he'll be disappointed with the outcome. But,

having looked at all of the available evidence, I can't say that Revolut did anything wrong. So, I'm not upholding this part of Mr P's complaint.

#### *Account block*

I'm satisfied Revolut acted in accordance with its legal and regulatory obligations when it blocked and reviewed Mr P's account. And that it was entitled to do so under the account terms and conditions. So I can't reasonably say it treated Mr P unfairly by blocking his account.

And, having considered the evidence provided by Revolut, I'm satisfied that it carried out the review promptly, for the most part. With that being said, it has accepted that it could have completed its review more quickly. So I will be awarding Mr P compensation to recognise the distress and inconvenience he experienced as a result of Revolut's delays, and its other actions, details of which I've set out below.

#### *Access to funds*

Before a bank releases funds held in a customer's account, it's entitled to carry out checks to ensure it's complying with its legal and regulatory obligations. And banks will follow their internal procedures before they release funds.

With that said, Revolut hasn't provided a satisfactory explanation, supported by evidence, as to why it returned the money in Mr P's account to the original sources, rather than releasing it to him. I accept there are times when it's appropriate for a bank to return funds to their original sources. But in order to decide whether or not that is the case in this particular instance, I would need to see appropriate evidence to support such a decision.

While Revolut has explained its rationale to me, it hasn't been able to provide sufficient evidence to justify its actions. I understand that it had concerns about the way Mr P was operating his account. But I've seen nothing to suggest the people who sent money to Mr P's account had challenged the payments, or requested their money back before Revolut returned them. And I'm not persuaded Revolut had sufficient evidence to justify depriving Mr P of the funds in his account. If it did, it hasn't shared that evidence with our Service.

Revolut has suggested Mr P can simply get the parties who received the returned funds to re-send them to him. Mr P says this hasn't been possible and I've checked his statements to see if he received any of the money back. I've also checked his credit report, which confirms the account I've seen statements for is his only account. So, on balance, I'm satisfied that Mr P hasn't received the monies.

Because of what I've said above, my final decision is that Revolut must return Mr P's money and pay him interest for the time it deprived him of the money. Revolut completed its review on 1 May 2020, so that is the date it should have returned the money to Mr P and is therefore the date from which Revolut must pay interest.

Revolut must also pay Mr P £200 in compensation for the trouble and upset he experienced as a result of its handling of the complaint. Mr P was deprived of a significant amount of money, which I'm satisfied would have caused him trouble and upset.

#### **My final decision**

My final decision is that Revolut Limited must pay Mr P £7,254.16, plus £200 for the distress and inconvenience it caused him. It must also pay him simple interest at the rate of 8%\* on the £7,254.16 from 1 May 2020 until the date of payment.

\*If Revolut Limited considers that it's required by HM Revenue & Customs (HMRC) to withhold income tax from those parts of the award constituting the 8% interest, it should tell Mr P how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HMRC if appropriate.

Mr P should refer back to Revolut Limited if he's unsure of the approach it has taken, and both parties should contact HMRC if they want to know more about the tax treatment of this portion of the award.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 December 2020.

**Ombudsman**