

The complaint

L a company, complains that Revolut Ltd blocked its account without warning and closed it. L would like an explanation and compensation for the inconvenience of having the account blocked and closed. And the embarrassment of having a director's bank card declined at a client's site.

L is represented by its director Mr H.

I am aware that Mr H has a complaint regarding his personal account which is being dealt with separately by this service.

What happened

L had a business account with Revolut.

On 6 January 2020 Mr H went to use his card at a client's site. The card was declined. Mr H says this was extremely embarrassing. He tried to contact Revolut and eventually had to send an email complaining about his card being declined.

Revolut says they carried out a review of the account on 3 January 2020 and blocked the account during the review. Revolut closed the account on 8 January 2020 giving 21 days' notice.

Mr H was unhappy that he hadn't been given any warning or a reason for the account being blocked and closed.

Revolut replied to Mr H's complaint on 20 January. They said they had been reviewing L's account which is why it was blocked. They said they couldn't give L a reason for the block.

Mr H complained to our service. He thought Revolut didn't have a genuine reason for closing the account and had closed it because he had raised a complaint about the account being blocked. He thought Revolut had treated L unfairly when it had a duty to treat customers fairly under the FCA requirements. He was concerned that because Revolut used an automated system it meant accounts were suspended unfairly.

One of our investigators looked into the complaint. He didn't think it was unfair for Revolut to rely on an automated system. He considered the terms and conditions and thought Revolut had followed them correctly. He didn't think Revolut had done anything wrong when it reviewed, blocked and closed L's account. He also said Revolut didn't have to provide reasons for the review and closure of L's account.

Mr H was unhappy with the investigators view. He said he wanted Revolut to provide a proper explanation for the block and closure of L's account – including the legislation it had relied on to do so.

The investigator responded that the terms and conditions of the bank account allowed Revolut to review and close the account. He also said that some of the information provided by the bank was confidential, but on review he was satisfied that Revolut had acted fairly.

L wasn't happy with the response and asked for an ombudsman's decision. Mr H said Revolut had breached section 25 of its own terms and conditions. Section 25 relates to when Revolut may block access to a customers' account. Section 25 says:

The safety of your money is important to us. We might prevent you from making payments from your account with the API Key or your Revolut Card if we're reasonably concerned about its security or that it might be used fraudulently or without your permission.

We might also have to block your account or your Revolut Card to meet our legal obligations.

Mr H thought there was no evidence that Revolut had to block his card or his account to meet its legal obligations. He thought Revolut hadn't kept L informed of the block and didn't tell him why they had blocked the account. He requested compensation from Revolut for the embarrassment he had been caused. He thought Revolut should have to cite any law or regulation it relied on to block the account so that L could challenge it.

As there was no agreement the matter has come to me to decide.

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 H has made a number of quite detailed submissions and also sought answers to his questions about the nature of Revolut's investigations. I've considered all of these, but I don't consider it's necessary to address each and every point that Mr H has made in order to meet my statutory duty to determine his complaint. I'm required to do that with minimum formality, and so I'll address the issues that I consider to be the most important. I do stress however that I've considered everything that Mr H and the bank have said before reaching my decision.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains information about other customers or security information. Some of the information Revolut has provided is information that we considered should be kept confidential, so I won't be sharing this with Mr H.

Mr H has said he thinks Revolut are not providing accurate evidence that refers to L. He has referred to Revolut's automated process and has provided links to media articles that deal with this point. I want to reassure Mr H that I have looked at these articles. Mr H says that after blocking an account through their automated process Revolut will then close the account either because of serious regulatory risk by the customer or to cover up mistakes made by their system. I appreciate that Mr H finds all this frustrating, but I haven't seen anything to doubt the accuracy of the information provided by Revolut in this case and I can only comment on this specific case.

Review and blocking of the account

I'll start by setting out some context for the review of L's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. Having looked at the evidence I am satisfied that this is what Revolut was doing when it reviewed and blocked L's account.

I know Mr H is also upset that Revolut uses an automated system as part of its business model. We are not the regulator of firms – so we can't tell them how to run their businesses, or how to design or implement their processes. Having an automated system is part of how Revolut chooses to run its business – and we can't interfere with its commercial decisions.

Mr H has said because Revolut uses an automated system it results in accounts being blocked unfairly. He has said that Revolut must comply with principle 2 and 6 of the FCA rules. I appreciate Mr H feels strongly about this, but I can only look at the actions Revolut took against L, not Revolut's wider processes as this is something for the regulator to look into. In this case I have looked at the evidence before me and I'm satisfied that Revolut acted fairly and in line with the terms and conditions of the account when it reviewed and blocked L's account. It follows I don't think that it has breached Principle 2 and 6 of the FCA rules when it reviewed and blocked L's account.

Mr H has said that he wasn't informed that the account was blocked. I can see that the account was blocked on the 3 January 2020 and Mr H was informed on the 8 January of the block and closure of the account. Section 25 of the terms say that Revolut will let the customer know before or as soon as possible after if their account is blocked. I appreciate that had Revolut told Mr H before the 3 January then he wouldn't have had his card declined at a client's site thus causing him unnecessary embarrassment.

Mr H has said he would like details of the exact law and regulations that Revolut has based its actions on. But Revolut aren't required to give any further reasons. Moreover, Revolut's obligations are broad and varied, and it isn't the case that one regulation or law only applies to the circumstances of L and this complaint. Mr H may wish to research firms' obligations and responsibilities, and how they relate to his circumstances and the decision Revolut have taken. But as Mr H has asked about law and regulations, he may have already researched the matter. In any event our role is to see whether Revolut has made a mistake and if it has to put matters right. I've reviewed Revolut's actions and I'm satisfied it's acted correctly and also in line with terms and conditions of L's account. From what I've seen, I'm satisfied Revolut have acted in accordance with what's required of them. There is nothing further I can ask them to do.

I appreciate Mr H found this whole episode frustrating, but Revolut are entitled to carry out reviews of their customers' accounts under regulations and the terms of the account. So, I can't say they have done anything wrong when they blocked and reviewed L's account.

Closure of the Account

L was given 21 days of closure of the account on 8 January 2020. The investigator has said that the terms and conditions allow Revolut to close the account.

I've first considered whether Revolut acted fairly when it closed L's account. Mr H has pointed out he is aware that Revolut's terms and conditions allow it to close an account without notice.

It's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to

do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed.

I've considered whether Revolut acted fairly in closing L's accounts. I've looked at the terms and conditions of his accounts and I'm satisfied they did. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Revolut closed L's account without notice. For Revolut to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

Reasons for the block and closure of the account

Mr H has said he wanted to know why the account was blocked. Revolut isn't required to give him specific reasons for blocking the account. So, I can't say Revolut has done anything wrong by not giving Mr H this information – as much as he'd like to know.

Compensation

Mr H has asked for compensation for the embarrassment he was caused when L's bank card was declined at a client's site. As the investigator has said L is a separate legal entity and therefore, I'm unable to award compensation for distress that was suffered by Mr H. Even though I appreciate the difficult situation that Mr H was put in.

I realise Mr H may be disappointed by my decision, but overall, based on the evidence I've seen, I can't say Revolut have acted unreasonably and treated L unfairly when they blocked and closed its account.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask L to accept or reject my decision before 29 September 2021.

Esperanza Fuentes
Ombudsman