

The complaint

Mr B complains Revolut Ltd stopped him accessing his account and unfairly returned a payment to a payer. He wants the payment refunded and compensation for how he was treated.

What happened

Mr B held a Revolut account. He received a payment from a third-party in early 2020. He says the payment was made to pay off a loan he lent to the third-party a few years earlier.

Revolut reviewed the payment shortly after it credited Mr B's account. It restricted the account and asked him for information about the payment and his wider circumstances. Mr B provided a copy of the loan agreement, a copy of what he said was an application to a bailiff in the country he resides, as well as copies of documents related to his business and salary.

Revolut also asked Mr B for payment confirmation from the third party. At that time, Mr B said the third party refused to help because they had avoided paying the loan for some time. He said the application he made to the bailiff had finally prompted them to repay the loan. He said he couldn't provide further confirmation from the bailiff because the debt was now deemed as paid.

Mr B complained to Revolut, but Revolut said it could stop him accessing his account during its review. So, Mr B brought his complaint to our service.

Revolut decided to return the payment to the third-party in September 2020. It said it hadn't received what it needed to conclude Mr B was entitled to the payment.

Mr B says he was able to get the information Revolut had asked for later on and he passed it to Revolut. Revolut then decided to close his account, at which point he discovered the payment had already been returned.

An investigator upheld Mr B's complaint in part. They found:

- Mr B's loss stemmed from what appeared to be a civil matter about whether a payment was made to pay off a loan. But our service could not fairly decide that matter. So, it was not possible to make a finding on whether Revolut ought to have allowed Mr B access to the payment and not returned it to source.
- Revolut restricted Mr B's account for too long. Although Revolut had concerns about the payment, it didn't have concerns about the remaining balance in Mr B's account. It ought to have allowed him access to those funds earlier than it did.
- Revolut repeatedly asked Mr B for the same evidence, which Mr B said he couldn't provide. This was unnecessary and must have been frustrating for Mr B. Revolut should pay him £200 to make up for its poor service.

Revolut accepted the investigator's findings and agreed to pay £200, but Mr B disagreed. He said Revolut could not decide who was entitled to the money, and it could not return the payment without his permission. The investigator responded and said Revolut could investigate whether its customer was entitled to funds held in their account.

Mr B asked for a final decision from an ombudsman, so the complaint was passed 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.

I have decided to uphold Mr B's complaint, but I am not awarding any further redress above the £200 recommended by the investigator. I'll explain why:

- Revolut can conduct reviews into its customers and investigate the source of funds held in accounts. It has wide legal and regulatory obligations it must comply with, which go beyond its general duty to simply obey its customer's mandate.

If Revolut didn't, when appropriate, review accounts, prevent customers accessing accounts or return funds back to payers, it could risk serious sanction.

- Mr B encountered difficulty getting the third party to pay off their loan. He said they only acted when he applied to the bailiffs. So, I understand his frustration when he couldn't access the payment after it was made. But considering all the wider available information, I understand why Revolut was concerned. And, on balance, I'm satisfied its decision to prevent Mr B's access to the payment was fair.
- Mr B may want to know the full reasons behind Revolut's decision, but I know of no legal obligation which required Revolut to disclose them to him. And considering the full circumstances of the complaint, I understand why Revolut chose not to reveal anything further to him.
- I have carefully considered the information Mr B provided in support of the existence of the loan and the purpose behind the payment. And I have also considered all the other information and evidence available, which Revolut also had to consider. And, based on what I have seen, I cannot conclude Revolut were wrong to take the action it did. I understand why it thought it would risk breaching its legal and regulatory obligations if it allowed Mr B access to the payment.
- Mr B knows the third party received the payment back to their account. But whether he has legal recourse against the third party or not doesn't mean Revolut should not have returned the payment when it did. At that time, Mr B could not provide the evidence it wanted to see, and Revolut had other important information to weigh. Overall, I have seen insufficient evidence to fairly conclude Revolut's decision to return the payment was wrong.
- Revolut took too long to release the other funds in Mr B's account to him. And I agree with the investigator that asking Mr B for information which he repeatedly said he couldn't provide must have been very frustrating. I find £200 is a proportionate sum

to make up for the trouble and inconvenience he was caused.

Putting things right

Revolut need to pay £200 to Mr B if he accepts this final decision. If he accepts the decision, payment should be made within 28 days of his acceptance being communicated to Revolut.

My final decision

I have decided to uphold Mr B's complaint and I direct Revolut Ltd to pay Mr B redress according to my direction above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 September 2021.

Liam King
Ombudsman