

The complaint

Mr B complains that Revolut Ltd blocked his account without warning and closed it. Mr B didn't receive the funds. He would like compensation for the way Revolut dealt with the account closure and the failures in customer service.

What happened

Mr B had an account with Revolut.

On 4 May 2020 Revolut carried out a review of his account.

Revolut blocked his account whilst they carried out the review. Mr B didn't have access to his funds.

Revolut asked Mr B for proof of entitlement of funds. Mr B told Revolut that the funds were proceeds from rental income and provided evidence of this in the form of bank statements. Revolut weren't satisfied with the statements and asked Mr B to provide them with a recent tax return. Mr B refused, he thought this was too intrusive. Revolut said they would continue their review.

Between 4 May and 8 June 2020 Revolut says Mr B was still able to make card payments and cash withdrawals but was not able to carry out external transfers.

On 8 June Revolut concluded their review and sent the funds in Mr B's account back to source. They messaged Mr B about the closure of the account through the Revolut app but as his access had been blocked, he didn't get the message.

Mr B complained to Revolut. On 29 June Mr B got a response to his original complaint. Revolut confirmed that his account had been closed and the funds sent back to source.

Mr B says he had no access to his account which held Euro 5000 and £274.

Mr B has also told us that due to his access on the app being disabled it was difficult to contact Revolut. This made him more anxious about the whereabouts of his funds

As he was unhappy with Revolut's response he complained to our service.

One of our investigators looked into the complaint. he issued a first view. He said although Revolut had successfully sent most of Mr B's money back to him as the source of the funds, Mr B hadn't received Euro 1000. He thought Revolut should refund this to Mr B together with 8% interest.

Mr B was unhappy with this – he thought Revolut had provided bad customer service and made it difficult for him to contact them to find out where his money had gone. He thought he should be entitled to substantial compensation because of the way Revolut had treated him. He was unable to contact them and was anxious as he didn't know what had happened to his funds.

Our investigator reconsidered the evidence and issued a second view. He thought Revolut should pay Mr B £100 compensation because of the poor customer service. Specifically, Mr B was informed of the closure of his account via the app on the same day that Revolut disabled the app- so there was no way of him finding out his account had been disabled. He found it very difficult to communicate with Revolut to find out the whereabouts of his funds once that app was disabled.

Mr B was disappointed with this second view and he thought he should receive compensation in the region of £1000 for the inconvenience and poor customer service he received from Revolut.

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.

Review and blocking of the account

I'll start by setting out some context for the review of Mr B'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 Mr B's account.

I appreciate Mr B 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 Mr B's account.

Closure of the Account

Revolut asked Mr B for more information as to the source of funds in order to complete their review. As Mr B didn't want to provide this information, Revolut were entitled to close the account in line with the terms and conditions. Having checked them, I'm satisfied Revolut acted in line with its terms and conditions when it closed Mr B's account.

Funds in the account

Revolut said it had returned funds to source. But Mr B hadn't found out until the 29 June. Mr B was finally able to locate most of his funds. However, 1000 Euro of Mr B's money had not been returned to his card- which was the source of the funds. Revolut have agreed to refund this amount to Mr B. and add 8% interest to compensate him for not having use of the funds. I agree that this is reasonable in the circumstances.

Failures in customer service

Mr B has told us he had difficulties contacting Revolut once they disabled the app on the 8 June. Although we don't interfere with firm's processes, I do find it problematic that Revolut's main form of communication is via app when this has been disabled by Revolut themselves.

I can appreciate that Mr B found it frustrating trying to find an email address for Revolut. Getting a response from Revolut was also difficult. I have seen email correspondence that indicates he had to wait a considerable time for responses from Revolut. I appreciate that it must have been concerning for Mr B to have to wait until the 29 of June to find out what happened to his funds. I have also taken into consideration that most of Mr B's funds were returned to his account by the 9 June.

Putting things right

Although I appreciate Mr B will be disappointed with the amount I am awarding, taking all into consideration and applying our approach to distress and inconvenience awards, I consider that £100 is a fair amount of compensation.

My final decision

My final decision is I uphold this complaint. I direct Revolut Ltd to pay Mr B the following:

- 1000 Euros together with 8 % compensation from 8 June 2020 until date of payment.
- £100 compensation for his material distress.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 January 2022.

Esperanza Fuentes
Ombudsman