

The complaint

Mr R complains Revolut Ltd (“Revolut”) unfairly blocked his account, returned funds held in it to the originating accounts and then closed it.

What happened

In May 2020, Revolut placed Mr R’s account under review and blocked it at the same time. Mr R is aware Revolut did this after it had received reports from third party financial businesses.

Revolut asked Mr R some questions about some transactions a few days later. It didn’t then to anything more in terms of asking Mr R for information until September 2020 - which included asking him about his banking and business activity.

In late November 2020, Revolut told Mr R it had taken too long in completing its checks and apologised for this. It also said it had completed its review, was closing Mr R’s account, and that it was sending any remaining funds back to the source accounts.

Unhappy with Revolut’s actions, Mr R complained. The matter was referred to our service, and one of our Investigator’s looked into the matter. In summary, they found:

- Revolut delayed its investigation as it didn’t ask Mr R substantive questions about the account until September 2020
- Revolut didn’t act properly on reports it received from third party banks by making appropriate enquires
- Mr R has provided enough information to show he used his account for activities related to carrying out his business and for making crypto currency trades as he asserts
- Revolut did nothing wrong when it reviewed, blocked and then closed Mr R’s account
- Revolut should refund all funds that were returned to the source accounts plus 8% simple interest, and pay Mr R £150 compensation for delays caused

Revolut didn’t agree with our Investigator.

Revolut say it carried out appropriate enquiries, gathered sufficient evidence, and had legitimate concerns to validate its actions given the obligations placed upon it. The matter was then passed to me to decide. I wrote to both Mr R and Revolut explaining what outcome I was planning to reach and invited them to send me further information and arguments.

In short, I said Revolut should refund the funds back to Mr R but less the two payments it received reports about, with 8% simple interest added from the date they were returned till

settlement. I also recommended Revolut should pay Mr R £200 compensation for the distress and inconvenience it caused – mainly for the extensive delays in its investigation

In response, Mr R says he would like Revolut to refund all his funds because he traded honestly when trading crypto currency online. He adds he's not been able to get any of the funds back from the account holders Revolut sent them back to. Mr R would also like to know what two transactions I was talking about that don't need to be refunded.

Revolut gave me more information which it says shows why it had legitimate concerns and why it didn't do anything wrong by closing Mr R's account and sending all funds back to source.

Revolut also say it shouldn't have to pay Mr R compensation for any distress and inconvenience it caused because it was Mr R's activity that caused the investigation to take place. But it admits Mr R's case hadn't been effectively worked by it between May and August 2020.

I will now decide this matter.

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.

Having done so, I've decided to partially uphold Mr R's complaint. I'll explain why.

Account review and closure

Financial businesses in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers' accounts.

Because of this, I'm satisfied Revolut did nothing wrong by placing a block on Mr R's account and reviewing the activity on it.

A regulated business like Revolut is entitled to close an account just as a customer may close an account with it. But before it closes an account, it must do so in a way, which complies with the terms and conditions of the account.

I've reviewed the terms and conditions of the account and having done that I'm satisfied Revolut acted both fairly and reasonably when deciding to close Mr R's account in the way it has given the concerns it had.

Funds returned to source

I'd like to assure Revolut and Mr R that I have very carefully considered everything they have said – and all the information I've been provided related to this point. Having done that, I'm persuaded, on balance, that Revolut acted fairly when returning two payments it had received third party reports about to the source accounts. I say this because there were two reports from separate entities. And, there was also other information which added to Revolut's concerns.

I am under no obligation to expressly set-out the details of what those reports or the other information I've seen show. Mr R has already been asked information about these payments

by our Investigator, so I'm not entirely sure why he's asking about them. But for clarity the two payments are for £249.96 and £190 respectively. Both originally credited Mr R's account on 14 May 2020.

Having said that, and for the sake of completeness, I do think Revolut could have done more than it did to investigate and gather sufficient information about these transactions. It's likely that had there not been two third-party reports from separate entities, and other information for Revolut to have concerns about Mr R, my decision in respect of this point may have been different.

That brings me onto whether Revolut acted fairly in returning all the other transactions back to the source accounts. I'm not persuaded Revolut has done enough to show these funds should also have been returned to the source accounts. I say that because there isn't anything to show they investigated each of these transactions as I'd expect, to see whether they related, even in broader terms, to the type of concern it had about Mr R.

I also question why Revolut didn't opt to keep hold of these funds longer to see if like the other two payments, claims were made against them too. In reaching this conclusion, I've carefully weighed up what Revolut have said about its concerns and the information it has given me. But I'm not persuaded they show it had enough cause to return *all* the funds.

So, it follows that I will be directing Revolut to refund these transactions.

Distress and inconvenience

Lastly, Revolut argue it shouldn't have to pay Mr R any compensation for the distress and inconvenience it caused as it was fulfilling its regulatory and legal obligations by carrying out an investigation.

To be clear, I've already said Revolut has important legal and regulatory obligations to adhere to. So any award for compensation for distress and inconvenience isn't in relation to this. But Revolut has made an admission on at least two occasions, as referenced above, that its investigation didn't meet the expected standards as it caused avoidable delay.

I've also read the chat history between Revolut's operatives and Mr R, and they show he made many attempts to chase up on the investigation. This no doubt caused distress and inconvenience to Mr R, and having his funds returned to source would have added to this.

So I think an award of compensation is a fair and reasonable measure in the circumstances of this complaint.

Putting things right

To put things right, Revolut Ltd must:

- Refund all funds it returned to source less two payments of £249.96 and £190. Revolut Ltd should also pay 8% simple interest on this amount from the day they were returned to source until settlement
- It should pay Mr R £200 for the distress and inconvenience caused

My final decision

For the reasons explained above, I uphold this complaint in part. I now direct Revolut Ltd to put things right as above.

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

Ombudsman