

## **The complaint**

Mr M complains Revolut Ltd (“Revolut”) unfairly blocked and reviewed his account. And, that its communication and customer service in relation to this was very poor.

As a result, Mr M says he’s suffered substantive distress and inconvenience. Mr M is represented by his wife. To keep matters simple I will only refer to Mr M in my decision.

## **What happened**

On 22 May 2020, Revolut blocked Mr M’s account. Revolut say it did this as a suspicious mobile phone device had been used to log onto Mr M’s account. Revolut contacted Mr M the same day and he responded by using its online chat.

Revolut explained it had noticed suspicious activity on Mr M’s account and asked for some information. Mr M provided this information but didn’t hear from Revolut again on the chat service until around ten days later, on 1 June 2020. Mr M made several attempts to contact Revolut between this time.

Revolut asked Mr M for more information in relation to the checks it was carrying out, which he provided. Revolut apologised for the delays but reiterated it had placed a ‘security lock’ on Mr M’s account because of suspicious activity on it.

Mr M explained he’s been suffering with severely poor health and Revolut’s actions have exacerbated this along with causing him severe distress and inconvenience.

Mr M and Revolut discussed the suspicious phone issue on the chat on 2 June 2020. Because of the information both of them shared, Revolut said it had disconnected the fraudulent device from Mr M’s account. Revolut said it had to cancel Mr M’s card and would send him a new one.

On 6 June 2020, Revolut asked Mr M what purpose he was using his account for as activity on it had been flagged. Mr M said he had partially used the account for carrying out business activities by taking payments due the impact of the pandemic.

Revolut explained Mr M couldn’t use his account for business purposes and gave him a warning that if the account is used in this way again it could lead to the account being restricted. Mr M apologised for misunderstanding the rules.

Mr M asked Revolut to close his account and the previously restricted funds were released to him.

During the time Mr M’s account was restricted he complained to Revolut. In short, Revolut didn’t uphold Mr M’s complaint saying it sometimes needs to review accounts in this way to meet its legal and regulatory obligations.

Unhappy with this, Mr M referred his complaint to this service. Before the complaint was looked at by one of our Investigator's, Revolut offered Mr M £20 as full and final settlement. Mr M did not accept.

One of our Investigator's then looked into the matter. In summary they found:

- Revolut didn't act unfairly when blocking and reviewing Mr M's account given the legal and regulatory obligations it must follow
- Revolut took this action because its security systems flagged an unknown and unauthorised device had been linked to Mr M's account. Had Revolut not looked into this, Mr M risked losing his funds
- Revolut's block prompted a further review about the account activity. Mr M said he was using the account to receive payments relating to his business. The account terms do not permit this. So Revolut did nothing wrong in asking Mr M about certain transactions and what he was using the account for
- Mr M is unhappy he couldn't speak to someone but Revolut is free to choose how it operates
- Revolut's generic, poor, and unhelpful responses to several messages from Mr M did nothing to alleviate his concern. Revolut could have been more proactive in how it communicated with Mr M. Because of this it should pay £100 for the trouble and upset caused

Mr M did not agree. Amongst other things, he says:

- £100 does not cover the time he spent attempting to communicate with Revolut
- Revolut's actions have caused detriment to his wellbeing
- He doesn't believe there was an attempt to log onto his account by a new device

As Mr M didn't agree, the matter has been 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.

Having done that, I've decided to uphold this complaint in part. I'll explain why.

Regulated financial business in the UK, like Revolut, 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.

Mr M says Revolut are being dishonest about its reasons to restrict and review his account. Revolut have sent me screenshots from its internal systems that show a new mobile device had attempted to log into Mr M's account. I've also looked very closely at the chat history between Mr M and Revolut. And having done that, I can see it asked Mr M if he had a certain model of a popular mobile phone. Mr M said he didn't. The model number Revolut asked Mr M about was consistent with what the records show as being the device which attempted to log onto his account.

So, because of this, I'm satisfied Revolut had genuine concern and reason enough to have

placed the account under review and block activity on it. If it had not, its possible Mr M may have lost the funds held in it to fraud. So by doing what it did, I'm satisfied Revolut did nothing wrong, was acting responsibly and in line with obligations placed upon it to safeguard its customers from financial harm.

Revolut's systems had also flagged the transaction activity on the account but its concern about potential fraud had initially overridden this. I note from the chat history that Mr M accepted and apologised that he shouldn't have used his account for activities related to his business. As this contravened the terms of the account, I don't think Revolut did anything wrong by asking question about it and further restricting the account whilst conducting a review.

All in all, both lines of investigation were carried out cumulatively under two weeks before Mr M's funds were released to him. In broad terms, I don't think this is an unreasonable time. But I do accept Revolut's handling, more specifically, its communication with Mr M, fell short.

Mr M was left days initially without any update on the app - Revolut did not respond at all for the first ten days. And when there was a response, it was generally unhelpful and generic. Mr M held substantive funds in the account, so them being restricted would no doubt have caused him worry. But I've already said Revolut did nothing wrong in carrying out its review.

Revolut were not aware, before carrying out its review, of Mr M's medical condition. I can understand why Revolut's poor communication would have had an impact on this, but this would likely have largely been caused by the restriction of the account – the poor communication flowed from that.

In essence, I need to determine what I think is fair compensation for Revolut's poor communication with Mr M during the period his account was under review. It's difficult to isolate the impact this had from any impact the account review had.

So, because of that I'm persuaded £100 is fair compensation. It likely would be much more if Revolut unfairly restricted the account and caused avoidable delay in relation to this. But I've already said Revolut did nothing wrong in this regard.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part. To put things right I direct Revolut Ltd to pay Mr M £100 compensation for the distress and inconvenience it has caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 May 2022.

### **Ombudsman**