

The complaint

Mr M complains that Revolut Ltd blocked his account without notice. He would like compensation.

What happened

Mr M had an account with Revolut.

Revolut asked Mr M to provide them with proof of income and source of funds in November 2020. Mr M was asked for further information on 2 March 2021.

Mr M thought the requests for paperwork constituted customer harassment and he found these requests stressful. Mr M thought Revolut should limit themselves to carrying out due diligence when opening an account.

Following the review Revolut blocked Mr M's account on 2 March 2021. Mr M wasn't allowed to carry out external transfers on the account. Mr M says he was without access to his funds for 12 days. During that time Mr M says he didn't have access to his money, and he wasn't able to provide food for his family.

Revolut completed the review of the account on 12 March 2021 and gave Mr M access to his account.

Mr M complained to Revolut. They said they were entitled to carry out a review of Mr M's account. Revolut accepted that they could have completed their review sooner and they refunded three months' worth of subscription fees for Metal account, a total of £30.

Revolut later offered Mr M an extra £50. Mr M rejected this amount- he thought he should be offered more compensation as it had taken him at least 20 hours to try and get things sorted. Mr M provided Revolut with documents they requested but his account was still blocked for two weeks.

Mr M complained to our service. One of our investigators looked into the complaint. He said Revolut were entitled to review customers' accounts to comply with their legal and regulatory obligations. He said our service couldn't fine Revolut because Mr M thought the failures in their systems had caused him financial hardship. He thought the £50 offer was reasonable.

Mr M was unhappy with the investigator's view, he didn't think £50 was sufficient compensation, he said he had spent 20 hours on this matter and he and his family had suffered financial hardship for 12 days. He also didn't think Revolut were entitled to block his account.

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 block of the account

I'll start by setting out some context for the review of Mr M'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. I am satisfied Revolut were complying with these obligations when they reviewed Mr M's account.

I can see that in blocking the account Revolut was following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Revolut was unfair.

Mr M has said he doesn't think the terms and conditions allow Revolut to block his account. But I disagree, I have looked at the terms and I'm satisfied that Clause 23 allows Revolut to block the account to meet its legal and regulatory obligations. So, I'm satisfied they haven't acted unfairly there.

Mr M has said that although he understands that Revolut need to carry out due diligence this should be done at the application stage. Mr M is unaware that the obligations on financial institutions are ongoing and do not stop after an account has been opened. Therefore, I would expect Revolut to carry out regular due diligence exercises and indeed they would be failing in their duty if they didn't do so. Therefore, I'm satisfied that Revolut acted in line with its ongoing legal and regulatory obligations when it reviewed Mr M's account and asked him to provide proof of entitlement and source of funds.

Delay

Mr M's account was blocked for 12 days. Revolut have accepted that there were delays in carrying out the review of the account. They have already paid Mr M £30 as a refund of his Metal account fees. They have also offered £50 extra. Mr M has said that he suffered financial hardship. As a result of the block he couldn't access his savings and investments. He has also said that he hardly had any money in any other financial institution. Mr M has also said he was unable to meet a lot of his payments for mortgage and bills due to the block on the account. I note that Mr M asked for a loan from a friend.

Mr M hasn't provided us with any evidence of actual financial losses incurred by him as a result of the delay in the review on the account. So, although I appreciate that Mr M was put in a difficult situation, he has been offered £80 compensation in total for the delay that Revolut caused. I think this amount is a reasonable amount and in line with what we would expect to award in similar situations. It follows I won't be increasing the amount.

In summary I know Mr M will be disappointed with my decision, but I don't think Revolut acted unreasonably when they carried out a review and blocked Mr M's account. They have accepted that they caused a delay and they have offered £80 total compensation for that delay. Mr M has already received £30 of that compensation.

My final decision

I partially uphold the complaint. I require Revolut Ltd to pay Mr M the sum of £50 as compensation for the delay in reviewing his account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 4 August 2022.

Esperanza Fuentes
Ombudsman