

## **The complaint**

Your Mr D complains that Revolut Ltd (Revolut) didn't unblock his accounts quickly enough following a security breach.

## **What happened**

Mr D emailed Revolut on 25 January 2021 to say that he'd been robbed and his mobile phone had been taken. He asked Revolut to block the use of the app on his phone, and any activity on his Revolut debit card. But he also asked that the debit card wasn't blocked. Between 26 January 2021 and 15 February 2021, there were many long online chats to try to recover Mr D's access to Revolut. All were unsuccessful. On 26 April 2021, Mr D's account was unblocked.

Mr D complained. He said the online chats were very inefficient and he had to provide his ID credentials repeatedly. The app kept crashing. He said he spent hours online trying to re-identify himself with Revolut. He said he was told in Revolut's final response that he could access his account via a desktop instead – but this wasn't possible as it relied on using his phone (which he didn't have). Because of what happened, he couldn't pay his credit card bill and had to pay late payment fees; and he couldn't sell his crypto investments as he wanted to. Because the market had moved against him, he said his costs were £4,000.

Revolut said (on 5 February 2021) that because of what had happened, they had blocked Mr D's accounts to ensure his money was safe. They needed to follow their security processes to unblock his accounts. They said they'd be in touch to help Mr D to do that. Revolut said he could access the Revolut accounts through the web-based version of the account through a desktop computer. They said he would need to enter his phone number and passcode, plus a further verification step, to complete that process. Once that had been done, Mr D would then be able to contact Revolut again via the chat function so the security review could be completed.

Mr D brought his complaint to us. Our investigator said that Revolut hadn't acted reasonably. He said Revolut were entitled to re-establish Mr D's access to his accounts in a secure way, and therefore he acknowledged that security processes were needed. He could see that the processes of the online chats had been a source of great frustration for Mr D, and this was to a large extent the result of chats being discontinued by Revolut, or the app crashing. He noted that in a number of cases, the agent said they'd be back in touch with Mr D on the chat, but it then fell out as a result of it being idle for too long – while the agent went away.

So, Mr D became increasingly frustrated. He felt that Revolut should bear most of the responsibility for this. And – even though Revolut had said that Mr D could establish access to Revolut (in the absence of his phone) via a desktop, he accepted Mr D's evidence that this wasn't possible. On balance, he said that Mr D should receive compensation of £300.

Revolut accepted our investigator's view, but Mr D didn't. He said the inconvenience, and the cost of not being able to deal in crypto trades cost him £4,000.

*I reached a provisional decision where I said:*

The timelines here are that Mr D advised Revolut about the robbery of his phone on 25 January 2021. And Revolut finally gave him access to his accounts on 26 April 2021. So – that took over 13 weeks.

Mr D's initial complaint said that he'd asked Revolut to allow his debit card to be used, and this wasn't done – as they blocked his accounts, including the card. But I think that given the circumstances of what happened to Mr D, Revolut were entitled to stop his debit card alongside his app-based account – to protect him. And I don't dispute either that Revolut – as an online bank – must have secure processes in place to identify customers when they need to re-activate accounts after a security breach such as happened to Mr D.

After Mr D let Revolut know what happened, there were a lot of online chats in which Mr D tried to re-establish his identity to get access to his Revolut accounts again. I've seen 21 chats between 26 January 2021 and 15 February 2021. I can see that Mr D tried to identify himself many times over without success and using different documents and information. Several of the chats timed out through inactivity – while an agent said they were looking into what happened and what to do and while his request was escalated to senior management. This meant that a new chat had to be started again – and each time a new set of security checks had to be started as – quite reasonably, the previous ones couldn't be used or recovered. Mr D also started new chats – given his frustration – sometimes using a new phone he'd purchased. Revolut told us that this also caused further delays – as it led to their needing to do more checks as – quite understandably – their security systems flagged these to be needed. Our investigator believed that on balance, the bulk of the responsibility for the inconvenience suffered by Mr D lay with Revolut – and having looked at Mr D's evidence and that provided by Revolut, I agree with that view.

In Revolut's final response, they said that Mr D could re-establish access to his account using a desktop – with access via the web based app. Mr D provided evidence that this didn't work – as it needed authorisation using the app on a mobile phone - and this clearly wasn't possible in his circumstances. And Revolut should've realised this as Mr D had described his situation to them. This led to further frustrations and delays.

I was concerned that after the considerable activity which took place up to 15 February 2021, Mr D wasn't given access to his accounts until 26 April 2021, so I asked Revolut why that was. They told us that it wasn't until 10 April 2021 that Revolut tried to contact Mr D again – i.e. a further period of almost eight weeks. During which time, Mr D didn't have access to his accounts – despite what had taken place in January 2021 and early February 2021. I think it would've been reasonable to expect Revolut to have reached out to Mr D well before that time to try to resolve matters with him – but they didn't. So – I think that was a further failing by Revolut.

And so – I need to decide on how to resolve Mr D's complaint. He says he lost £4,000 as he wanted to sell investments while he was locked out of his accounts and couldn't – he said the market moved against him. He showed us he sold investments for £14,399 on 27 April 2021. While I note that this was the day after he regained access to his Revolut accounts, it's not possible for me to conclude that any losses were a direct consequence of what happened – it is essentially something which can be claimed with the benefit of hindsight. For example, the value of the investment may have declined further after the sale. And I also noted that there wasn't any evidence that Mr D tried to contact Revolut again after 15 February 2021 – which may have meant he could've regained access to his accounts earlier than he did and had the opportunity to sell the investments earlier. So – he must share some responsibility in that respect.

But because I think Revolut should have initiated further contact with Mr D earlier than they did – on 10 April 2021 – I think it's reasonable to ask them to pay a higher amount of compensation. Our service has set out criteria on which to base awards. We say: an award of over £300 and up to around £750 might be fair where the impact of a mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. Typically, the impact lasts over many weeks or months. And – I think it's fair to say that Mr D's experience falls within this category and therefore, I propose to increase the compensation to £500 (from £300).

*Responses to the provisional decision:*

Revolut had nothing further to add. Mr D said that he felt that the compensation should fall towards the top end of the scale: i.e. £750.

I now need to make a final decision.

**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've considered what Mr D has said – but in my experience and considering our service's definition of awards, I'm satisfied that the compensation of £500 is right for what happened. And so – I am making a final decision which is consistent with the provisional decision – i.e. compensation of £500.

**My final decision**

I uphold this complaint. And Revolut Ltd must:

- Pay Mr D compensation of £500 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 14 June 2022.

Martin Lord  
**Ombudsman**