

## **The complaint**

Mr A on behalf of R a limited company complains that Revolut Ltd. Blocked and subsequently closed its account without warning or reasons. He is unhappy the funds in the account were returned to source and it caused delay in R receiving an HMRC payment.

R is represented by its director Mr A.

## **What happened**

R had an account with Revolut.

On 15 July 2020 Revolut blocked R's account in order to review it. Following the review, it decided to close R's account with immediate effect on 29 July 2020.

Revolut returned the remaining balance to source on 3 August 2020.

Revolut have accepted that they made an error when they closed the account. As a result, R's HMRC refund payment of £1,428.57 was received into the account on 9 September 2020. This meant R was faced with a considerable delay in receiving its rebate. Revolut agreed this payment should be returned to R but it didn't return the payment until 6 December 2020.

Mr A complained to Revolut. They said they had acted fairly when closing the account. Revolut agreed it had made an error which meant the HMRC rebate had gone into a holding account instead of being returned to source.

Later they offered £100 compensation for the delay in returning the HMRC payment to R.

When Mr A complained to our service, one of our investigators looked into the complaint. He thought Revolut were entitled to block and close the account. But he agreed that Revolut had made a mistake when closing the account. That mistake meant R had to wait for their HMRC refund. He thought £100 offered by Revolut was fair for that delay.

Mr A was unhappy with the view. He said that the block and closure had a big impact on the business and on him and his family. Our investigator said we couldn't consider the impact on Mr A personally as the complaint had been brought by the company.

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.

### *Account review and closure*

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

I can see that in blocking the account the bank 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.

As the investigator explained it's generally for banks to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a good reason to do so, this service won't usually say that a bank must keep a customer or require it to compensate a customer who has had their account closed. Banks should, however, give reasonable notice before closing an account. Usually that means 60 days' notice, but it can be less depending on the circumstances.

I've considered whether Revolut acted fairly in closing R's accounts. I've looked at the terms and conditions of R's account and I'm satisfied they did. The terms and conditions outline that Revolut can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Revolut closed R's account without notice. For Revolut to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank has applied the terms fairly. And it was entitled to close the accounts as it's already done.

### *Reasons*

Mr A wanted to know the reasons for the closure. Whilst he may have expected to be given the reasons for the closure, Revolut isn't required to give him a specific reason for closing R's account. So, I can't say Revolut has done anything wrong by not giving Mr A this information – as much as he'd like to know.

### *Funds returned to source*

The investigator said he didn't see a reason why Revolut chose to return the funds to source. He also said he was aware R had received the funds that had been returned so hadn't suffered a financial loss. I have looked at the evidence provided I am of the view that Revolut should have considered why they thought they needed to return funds to source. They didn't do this, but as I am satisfied that R got access to the returned funds, I won't ask Revolut to do anything else in respect of this aspect of the complaint.

### *HMRC payment delay*

Revolut have accepted they made a mistake which resulted in a three-month delay in R receiving its rebate from HMRC. I can appreciate this was inconvenient to Mr A and resulted in extra work for him. I haven't seen any evidence of impact the loss of around £1,400 for three months specifically had on R. As the investigator explained, with a complaint brought by a company, we cannot take into account any inconvenience that was suffered by individuals. Although I am sympathetic that this must have been difficult for Mr A and his family, I can't award compensation for his inconvenience in this situation.

I recognise R was without the money for three months and I have seen Mr A had to chase Revolut to find a way to claim the money back so I consider that £100 is reasonable compensation for that element of the complaint.

#### *Impact on Mr A and R*

Mr A has said that the account block and closure and in particular not having any information made the situation very difficult. He has said it was the lack of communication, the long periods of time and the complete helplessness that caused him emotional damage during this situation.

I appreciate and thank Mr A for what he has shared with us, and I don't doubt this was a difficult time for him and for the company. I have said above that because Mr A isn't the person bringing the complaint, R is, Mr A can't receive compensation for the impact this had on him personally. In addition, I have looked at the evidence and as I've said I'm satisfied that Revolut acted fairly when they reviewed and closed the account. So, although I appreciate the inconvenience it all caused, Revolut haven't done anything wrong here so it follows I can't award R any compensation.

In summary, I recognise Mr S feels unhappy about the block and I realise Mr A on behalf of R will be disappointed by my decision, but overall, based on the evidence I've seen, I can't say Revolut has acted unreasonably and treated R unfairly when it blocked and closed the account.

I accept Revolut have admitted to making mistakes with the way they dealt with the HMRC rebate which caused delays in R receiving the rebate. I think that £100 is reasonable compensation in the circumstances for the reasons I've explained above.

#### **Putting things right**

Revolut should pay R £100 compensation because of mistakes they made in dealing with the HMRC rebate.

#### **My final decision**

For the reasons mentioned above I partially uphold the complaint. I require Revolut Ltd to pay R £100 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 22 July 2022.

Esperanza Fuentes  
**Ombudsman**