

The complaint

Mr S complains that Revolut Ltd restricted access to his account, withheld his funds and closed his account without notice. He'd like compensation for the impact.

What happened

Mr S had an e-money account with Revolut Ltd.

Mr S also had a linked investment account. As our investigator explained I'm unfortunately unable to consider Revolut's actions in relation to Mr S's investment account – as this account was managed by a different legal entity.

On 15 October 2020 Revolut contacted Mr S. They asked him to provide details regarding his main source of income, three recent pay slips and bank statements showing his salary payments.

On 14 November 2020 Mr S provided a copy of his October payslip but Revolut responded to confirm they'd asked for three payslips, and asked whether he can provide another two. Revolut then asked Mr S to provide a copy of his two most recent invoice statements, and a tax breakdown from the last full year.

Mr S provided a copy of his tax statement for the tax year 2018-2019, and three invoices relating to a business he's a director of. Which I'll call B.

On 23 December 2020 Revolut restricted Mr S's account, preventing external transfers. And on 30 December 2020 Mr S's account was fully restricted. Mr S's account remained restricted until 30 March 2021 – when his account was closed, and his funds were returned.

Mr S complained to Revolut – however they didn't think they'd acted unfairly. They explained they'd followed the terms and conditions of Mr S's account on carrying out the restriction and closing his account with immediate effect.

Mr S raised his complaint with our service. He said Revolut's actions had caused him severe distress, he'd been unable to pay his tax return, his credit rating had been damaged and he's had to sell personal items. Mr S has provided evidence from HMRC relating to unpaid tax bills – but these mainly relate to B – and other bills he was behind on.

After Mr S's complaint came to our service, Revolut reviewed their actions in restricting and closing Mr S account. And although Revolut thought they'd acted fairly in both restricting and closing it, they felt that they could have carried this out more quickly. They initially offered Mr S £20 before raising it to £100. But, Mr S didn't accept.

Our investigator reviewed Mr S's complaint. They thought Revolut had followed their terms and conditions in restricting Mr S's account, and closing it without notice. But, they thought they should have completed the review sooner – and this caused Mr S inconvenience. They thought Revolut should pay Mr S £300 compensation for the impact on him.

Revolut accepted, but Mr S didn't. In response he said:

- It shouldn't take one to two years to review an account
- How is his credit rating going to be repaired?

As Mr S didn't agree it's been passed to me to review. After reviewing Mr S's complaint I contacted Revolut to explain I'd reached a similar conclusion to our investigator. But I thought 8% interest should have been paid from the date the funds should have been released, 6 February 2021, to 30 March 2021.

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 restriction

I've firstly considered Revolut's actions in restricting Mr S's account and withholding his funds until 30 March 2021.

I've looked at the terms and conditions of Mr S's account and the wider regulatory obligations Revolut need to comply with. I'm satisfied that Revolut gave Mr S the opportunity to provide documentation they'd requested on more than one occasion before restricting his account. Revolut gave Mr S from 15 October 2020 to 23 December 2020 – a significant period of time before taking action. I can see that Mr S did supply some documents – however I'm satisfied Revolut acted reasonably in determining they weren't sufficient.

Revolut's terms are clear in detailing their ability to review accounts and suspend them when necessary – and I think they initially followed these terms and conditions fairly. It follows, I can't say they acted unfairly in blocking access to Mr S's account. However, I do need to think about whether the review was completed as quickly as I'd expect.

In total Mr S's account was restricted for a period of just over three months – from 23 December 2020 to 30 March 2021. Mr S has mentioned that the account was restricted and under review for over a year, however I can't see any evidence of this. Revolut have accepted that their review took longer than they'd expect – and I agree. On our service asking Revolut for an explanation on why the review took just over three months, they haven't been able to give specific details regarding the timeline.

Having reviewed the evidence supplied by Revolut and considered best practice in reviewing accounts – I think Mr S's account should have been unrestricted *much* sooner than it was on 30 March 2021. And the funds should have been released within 45 days of the restriction, 6 February 2021.

I've thought about the impact on Mr S from the delay in releasing his funds. The majority of impact Mr S has described relates to the limited company he's a director of – and unfortunately as a separate legal entity I'm unable to consider the impact to B.

Account closure

Mr S's account was closed on 30 March 2021 with immediate notice. I've looked at the terms and conditions of Mr S's account, and the criteria allowing them to close Mr S's account without notice. And having done so I'm satisfied Revolut acted fairly in choosing not to give Mr S notice.

Mr S has mentioned that his credit rating was impacted by Revolut's decision – I understand this will disappoint him, but as I'm satisfied his account was closed fairly I can't hold them responsible for any damage to Mr S's rating.

Putting things right

I've considered the impact of Revolut's delay on Mr S – as I've explained above I think that Revolut should have released Mr S's funds by 6 February 2021, much sooner than they did. Mr S has explained that as a result he was unable to pay B's tax bill, however as I've already explained I can't take any impact on B into account – as B is a separate legal entity. Mr S also provided evidence of him struggling to pay other bills, and I agree it's highly likely the extended restriction of Mr S's funds caused him inconvenience, negatively impacted on his mental health and led to him to struggle financially.

Mr S was deprived of the use of his funds from 6 February 2021 to 30 March 2021. I therefore think Revolut should pay Mr S 8% interest between this period.

My final decisions

My final decision is I direct Revolut Ltd to:

- Pay Mr S £300 compensation for the inconvenience caused to him
- Pay 8% interest on the withheld funds, £3,408.54, from 6 February 2021 to 30 March 2021.

If HMRC requires Revolut Ltd to pay tax on this interest, Revolut Ltd should provide Mr S with a certificate showing how this is calculated if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 September 2022.

Jeff Burch
Ombudsman