

The complaint

Mr N complains that Revolut Ltd restricted access to his account and won't release his funds. He'd like his funds returned and compensation for the impact on him.

What happened

Mr N had an account with Revolut.

On 4 August 2020 Revolut received a fraud report from a third party bank I'll call R. And on 5 August 2020 Revolut restricted Mr N's access to his account.

On 31 August 2020 Revolut made the decision to close Mr N's account, and they sent his remaining funds to R, the victim's bank.

Mr N wasn't happy with Revolut's actions so raised a complaint. Revolut looked into Mr N's complaint but didn't uphold it. Overall they thought they'd followed the terms and conditions of the account in reviewing and blocking it – and felt they acted fairly in returning Mr N's funds to R, based on the fraud report.

On coming to our service Mr N explained that in August 2020 he was unable to find one of his trades on his Revolut account, so he attempted to contact them. Unfortunately after finding what he thought was a phone number for Revolut, he instead spoke with scammers on two occasions. They instructed him to download software, I'll call A, which allowed them to remotely access his computer and consequently gain access to his Revolut account. Having done so they managed to transfer fraudulent funds through his account which led to the account being blocked.

The majority of the funds passed through Mr N's account belonged to the victim of the scam – however Mr N's own funds, just over £800, were sent to R by Revolut.

One of our investigator's looked into Mr N's account. Initially our investigator concluded that Mr N's account of events didn't fit with the evidence presented – mainly because of a transfer of over £1,000 made on the day of the fraudulent payments. However after speaking with Mr N further – and Mr N confirming he made this transfer himself – they thought he'd been the *victim* of a scam. And it was unfair for Revolut to use his *own* funds to send to R.

Our investigator directed Revolut to return Mr N's funds, and pay 8% from the date the funds were sent to R, to the date they are paid to Mr N. Plus £100 compensation for the distress caused to him. And they also wanted Revolut to provide clarification of the balance in Mr N's trading account.

Mr N responded to say he'd just like to get his money back from the trading account.

Revolut didn't accept our investigator's view. In response they said:

- They never had phone support, and it's clearly communicated to all their customers

- The device used didn't change until after the fraud happened
- He didn't raise the fraud on contacting Revolut
- They don't think 8% is fair, as Mr N would most likely have kept the funds in his Revolut account. Revolut believe that it's not fair or reasonable for them to pay 8% for such a long period based on the ombudsman service taking a long time to reach a conclusion. And 1% is a fairer rate.

As Revolut didn't agree it's been passed to me for a decision.

On picking up Mr N's decision, I asked Revolut for more information regarding Mr N's investment account, whether it had been closed and where the funds were. Revolut provided evidence to show Mr N's investment account was closed and his funds were returned to his e-money Revolut account. Unfortunately, I'm unable to consider the fairness of Revolut's actions in closing Mr N's investment account as these actions were taken by a separate legal entity. However, once Mr N's investment funds were transferred to his Revolut account they were subsequently sent to R, and I've considered the fairness of this below.

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.

Mr N's main complaint is about Revolut's actions in not returning his funds to him. But before considering this I'll briefly address their actions in restricting and closing his account.

I've looked at the terms and conditions of Mr N's account and the wider regulatory obligations Revolut need to comply with. 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 N's account. However, I do need to think about whether the review was completed as quickly as I'd expect.

Revolut initially restricted Mr N's account on 4 August 2020, and completed their review by 31 August 2020. I'm satisfied the review was completed in a reasonable timescale.

I've moved on to consider Revolut's actions in sending the funds in Mr N's account to R. Revolut have argued that because Mr N received fraudulent funds into his account it's fair for them to repay R using Mr N's funds – and they don't think Mr N's explanation for what happened makes sense.

I've thought about Mr N's description of events when he wasn't able to access his account. And having done so I'm satisfied that Mr N's explanation is plausible and on balance he *wasn't* complicit in the fraud. And in fact Mr N was also the victim of a scam. I say this because:

- Mr N's advised when he couldn't find all the trades on his Revolut investment account, he searched online and found a phone number for them. Unfortunately Revolut don't have a phone number, therefore this was a scam. Revolut argue that they've never provided phone support, and they've made this clear to their customers. However, I've tested Mr N's explanation and if you search for Revolut's contact details online a phone number comes up at the top of your search. So I don't find Mr N's explanation implausible.

- I've listened to the two phone calls Mr N had with the scammers. And I think Mr N genuinely believes he's speaking with Revolut. And it wasn't unreasonable for him to follow the directions he was given, including installing A, which allowed the scammers access to his device.
- Revolut have highlighted that the fraudulent transfers were moved out of Mr N's account using his genuine device. However, once Mr N installed A the scammers had remote access to Mr N's device and account. Therefore I don't find it surprising that the transfers were made from his genuine device.
- Revolut have argued that on contacting them Mr N didn't raise that fraud had taken place on his account. I've considered this and I can see that Mr N notified Revolut that he thought he'd experienced fraud on 18 August 2020, only a couple of weeks after the fraud. With Mr N's access to his account being restricted on 5 August 2020 I don't find it surprising he didn't offer this explanation to Revolut until a couple of weeks after the scam.

For the reasons I've explained above I don't think Mr N was complicit in the fraud. It follows that I don't think Revolut acted reasonably in sending Mr N's funds to R – and these should be returned to him.

Putting things right

I think Revolut should pay Mr N 8% from the date the funds were sent to R, 31 August 2020, to the date they are returned. I say this because Mr N has been deprived of the use of his funds, including the opportunity to invest them elsewhere. And I'm afraid I can't agree with Revolut's argument that it's unreasonable for them to pay 8% for such a long period of time. Revolut could have chosen to return Mr N's funds to him much sooner, including when our investigator recommended for them to do so.

I also think that Revolut's actions caused Mr N anxiety and inconvenience. I therefore think they should pay him £100 compensation.

My final decision

My final decision is I direct Revolut Ltd to:

- Pay Mr N £815.28 plus 8% from 31 August 2020 to the date of reimbursement
- Pay Mr N £100 for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 2 October 2022.

Jeff Burch
Ombudsman