

The complaint

Mr U complains Revolut Ltd (“Revolut”) restricted his account and withheld the funds in it, causing him substantive financial loss.

What happened

In January 2020, Revolut restricted Mr U’s account. It asked Mr U to upload documents through its App to show his proof of entitlement to them.

Revolut then contacted Mr U in early March 2020 through its in-app chat facility. Revolut’s agent apologised for the delay and requested more information from Mr U. Revolut says it did this to meet its legal and regulatory obligations – as it needed to validate the source of funds coming into the account.

Mr U said he had already provided enough information to satisfy Revolut’s enquiry and didn’t need to do anymore. Amongst other things, Revolut explained it needed the missing bank statement which showed Mr U receiving a payment from the sale of property, which he said funded the transfers into his account.

Mr U argued Revolut had no legal basis to ask for this information. Revolut’s agent explained it needed this information to ‘positively verify’ Mr U’s account. Revolut then unblocked Mr U’s account so he could make outgoing transactions, but he was told any incoming payments would result in the account being blocked again.

Mr U said Revolut’s actions had cost him financial losses of around 5,000 euros – especially as he used his account to get favourable exchange rates on money transfers.

Unhappy with Revolut’s actions, Mr U referred his complaint to this service. I’m sorry about how long Mr U had to wait for his complaint to be looked into by an Investigator – I assure Mr U we’re continuously working on reducing our queues.

Whilst awaiting allocation to an Investigator, Revolut made a proactive offer to Mr U to settle his complaint. It offered him £20, but Mr U did not accept this.

Our Investigator looked into Mr U’s complaint, and in summary they found:

- Revolut has legal and regulatory obligations it must follow, and this sometimes means it needs to carry out reviews of its customer’s accounts. Financial firms have the discretion to carry out these reviews
- As a regulated firm, Revolut can ask Mr U how he uses its products. It’s not generally for our service to say what Revolut should accept to satisfy its review
- Revolut accepts its own investigation was delayed. But it’s unlikely Mr U would have given Revolut the information it required, so it’s not responsible for the losses Mr U says he suffered

Mr U did not agree with what our Investigator said. He maintained Revolut had acted

unlawfully and wanted copies of the in-app chat he had with its agent. Our Investigator provided this to Mr U.

Mr U, who isn't a UK national, then asked for the EU regulation Revolut relied on to take the actions it did. Mr U maintained the official contract of property sale was, in of itself, enough to have satisfied Revolut's enquiry.

Mr U then asked for an Ombudsman to get in touch with him. It follows that I must now decide this matter.

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.

Having done that, I've decided not to uphold Mr U's complaint. I note Mr U feels strongly about this, and no doubt my decision will disappoint him – so, I'll explain why.

Financial business' in the UK, like Revolut, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers' accounts.

So, I don't think Revolut did anything wrong, in line with obligations placed on it as a UK regulated firm, by restricting Mr U's account while it carried out a review.

It's also not uncommon for these firms to ask its customers for information and evidence about the funds, in order to fulfil its legal and regulatory obligations. So, I think Revolut acted fairly – and in line with obligations placed on it – when it asked Mr U for specific information about the source of funds in his account.

Mr U uploaded documents he feels should have been enough to satisfy Revolut's investigation. But he didn't hear from them for several weeks that it needed more. Revolut accept it caused a delay.

Ordinarily, I would consider compensation for any trouble and upset undue delays may have caused. But when Revolut did contact Mr U in March 2020, it asked for further information about the funds. Specifically it wanted to see that they did emanate from the sale of a property as Mr U asserts. The other documents he'd previously provided did not show the amount he says the property was sold for enter the account.

As Mr U said the funds - which were larger than his previous activity - were from the sale of a property, I think it's reasonable Revolut asked him for more information showing this. That means I'm satisfied Revolut did nothing wrong by asking for this additional information.

As Mr U did not agree to send this information - and I can understand his reasons for this – I don't think the delay in Revolut's investigation had any material impact on him getting access to his account any sooner. I say that because even if Revolut had asked for this information earlier, Mr U would not have given it for the same reasons. So any trouble and upset caused by the delay would not have been alleviated by Revolut acting in a timelier manner.

Mr U says he suffered substantive financial loss. From what I've seen he didn't have the large value of sums he says he did at the time of the restriction. But in any case, as Revolut didn't do anything wrong by taking the actions it did, I wouldn't find it needed to compensate Mr U for any financial loss.

I note Revolut allowed Mr U to move any funds held in his account in early March 2020 without Mr U giving the information it asked for. I think this is more than reasonable.

I appreciate Mr U's asked for the specific legislation Revolut relied upon to review his account and ask for information about the source of funds. The regulator sets regulations which financial businesses must comply with – and most of the legislations will be covered by this.

Regulated businesses are required to comply with a wide range of law and regulation, including the Prudential Regulation Authority (PRA) Rulebook, the Financial Conduct Authority (FCA) Handbook and various pieces of primary and secondary legislations. Most of these regulatory requirements apply to all UK regulated businesses, and Revolut is subject to these legal and regulatory requirements.

My final decision

For the reasons above, I've decided to not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr U to accept or reject my decision before 12 October 2022.

Ketan Nagla
Ombudsman