

The complaint

Miss D complains that Revolut Ltd asked her intrusive and unnecessary questions as part of a source of funds check.

What happened

Miss D opened an account with Revolut. She says that in November 2021, when she attempted to make a large transaction to a cryptocurrency exchange, she was asked to verify the source of her funds. Miss D says she sent proof of the funds promptly, even though she believed this was invasive and unnecessary because Revolut should have seen the funds came from a third party bank.

Miss D says that even after she sent Revolut the proof of her source of funds, Revolut asked her how she was spending her funds. They also asked for details of her cryptocurrency account and portfolio details, and they pressed Miss D for this information again when she didn't give this information to Revolut. Miss D made a complaint to Revolut. She said she wanted to know why she was asked for this information, and if this is part of their usual process, then she wanted to close her account immediately and without penalty. She asked Revolut for compensation.

Revolut did not uphold Miss D's complaint. They said that they had the obligation to comply with security checks whenever they received an alert on their system and in some cases they may need to suspend or block an account. They said this was under clause 23 in their terms and conditions. Revolut said that the information about her cryptocurrency account was indicated as necessary, however, the information Miss D provided was sufficient to meet her account verification, therefore her account was approved and any restrictions were lifted. They said to close her account, Miss D would need to reach out to their support team.

Miss D brought her complaint to our service. Our adjudicator did not uphold her complaint. He said the documentation she provided to them, which included documents about the sale of her property and proof of her annual income, was reviewed by their specialist team and it was decided that this was sufficient. He referenced clause 23 of the terms and conditions and he said that Revolut carried out the checks they deemed necessary to ensure that the transactions were genuine.

Miss D asked for an Ombudsman to review her complaint. She made a number of points. In summary she said she wanted to know why Revolut had to know exactly what she was going to spend her money on and which cryptocurrencies in particular. She said when she refused to supply this information, the advisor refused to cooperate, this was despite her already supplying documents to clarify the source of her funds. Miss D said the chat agent only accepted her confidential documents and gave her account access when she threatened to complain about being asked where she was spending her money.

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.

Miss D has made a number of points to this service and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I must explain to Miss D that complaint handling by a business isn't a regulated activity and as such, the issues she's raised that relate directly to how Revolut have investigated her complaint, such as how they have (or haven't) addressed complaint points in their final response letter doesn't come under my powers to consider.

I'd also like to explain to Miss D that it is not within this service's remit to tell a business how to run their security procedures (or what to ask for, in order for the business to be satisfied they are meeting their regulatory and legal requirements). It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Revolut to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent money laundering. Sometimes they identify and block/restrict accounts due to security concerns. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

I've looked at the chat history that Miss D had with the Revolut chat agent. At 14:59 on 26 November 2021, the chat agent explains that she is contacting Miss D regarding her source of funds verification. She provides a weblink which directs her to their website. The website states *"it's no secret that Revolut is committed to stopping financial crime at every opportunity and one of the ways in which we do this is by following the money trail. While it's relatively easy to see where the money goes to once it leaves Revolut, uncovering where this money comes from before it reaches us is a completely different story – and this is where a 'Source of Funds' check comes in handy."*

So I'm satisfied this sets out why Revolut might need to ask Miss D questions about her source of funds and they mentioned they need to follow the *"money trail"*. The website also states *"a 'source of funds check' (SOF) is actually just a fancy way of asking you to send us some form of proof, to show that your hard earned cash comes from a legitimate source – be it from your salary, profits earned from your business, a loan from the bank and so on"*.

The chat agent was under the impression that Miss D was receiving income from cryptocurrencies as she says *"as you are receiving income from your cryptocurrencies"*. Miss D corrects the chat agent and tells her that she isn't receiving income this way. The chat agent then thanks Miss D for the clarification and says that as Miss D is transferring funds to a cryptocurrency platform, could she provide the portfolio of the platform showing her name and the deposited amounts.

Miss D declines to do this and the chat agent explains that they are bound to comply with strict regulations and for her to provide the requested information, so they could proceed further to verify her account as soon as possible. Miss D makes several points and talks about making a complaint. When the chat agent responds, she says that she would proceed to the next steps of the verification process.

So I can understand why Miss D may be under the impression that she was asked for information which Revolut didn't need. And it was only after she mentioned about making a complaint that the situation progressed. But Revolut confirmed in their final response to Miss D that they did need the information for their verification process. When they reviewed the documents Miss D had already provided, they were satisfied that these documents passed

their checks without Miss D needing to provide the further information they asked about regarding her cryptocurrency account.

I've considered what Miss D has said about Revolut wanting to know exactly what she was going to spend her money on. But the chat agent doesn't ask her what she is spending her money on (apart from what I've detailed above specifically about the transferred funds to a cryptocurrency platform). I'm also not persuaded the chat agent refused to cooperate with Miss D as she progressed the verification process. If she had not cooperated with Miss D, then I wouldn't have expected the verification process to be progressed.

I know that Miss D wants to know the exact reasons why Revolut asked her for the details surrounding her cryptocurrency account including providing her portfolio. But Revolut aren't required to divulge their security processes to our service. So I'm not able to tell her the exact reasons for this. I know this will frustrate Miss D. But Revolut's terms and conditions do show that under clause 23 that they *"might prevent you from making payments from your account or with your Revolut Card if we're reasonably concerned about its security or that it might be used fraudulently or without your permission. We might also have to block your account or Revolut Card to meet our legal obligations."*

So I'm satisfied Revolut acted in line with their terms and conditions, to restrict Miss D's account when they had security concerns. They would then need to ask her for further information/documents, to be satisfied that the funds came from legitimate sources and to meet their regulatory/legal requirements, to remove the restriction. While the account restriction would have been frustrating, I'm not persuaded it was excessive. I can see Miss D first contacted the chat agent at 14:12. The agent explains the process can take between 10 minutes and 24 hours. Revolut sent Miss D a message at 18:01 to inform her that her account was fully operational, so the process was completed within the timescales given.

In summary, I'm satisfied Revolut have acted fairly by requesting information they deemed necessary to review Miss D's account in order to protect themselves and herself as their customer. And they were satisfied that the documents Miss D provided passed their checks without her needing to provide the further information they asked her about her cryptocurrency account. So it follows I don't require Revolut to do anything further.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 23 November 2022.

Gregory Sloanes
Ombudsman