

The complaint

Mr H complains Revolut Ltd (“Revolut”) blocked access to his account without a reason, causing him inconvenience.

What happened

In April 2022, Revolut restricted Mr H’s account. He says by doing so he couldn’t access funds he had earmarked to use over that period for an important religious festival.

Through its online chat facility, Mr H was told that as part of its standard security verification, Revolut needed to ask him some questions to fulfil its ‘Know Your Customer’ (“KYC”) obligations. Mr H was then asked if he had lived, worked, or was in any way associated to a town in the United Kingdom. Mr H replied he wasn’t.

Two days after the block, Mr H was given access to his account and any funds held in it.

Unhappy with Revolut’s actions, Mr H complained. Revolut did not uphold Mr H’s complaint, but as a gesture of goodwill it refunded the account subscription which he had paid that month.

Amongst other things, Revolut said, as a regulated institution, it can place limitations on an account due to security processes it has in place. It also explained this was done in line with the terms of the account and in line with its obligations to its regulators.

Mr H referred his complaint to this service. One of our Investigator’s looked into his complaint, and in summary they found that Revolut isn’t always able to provide a definitive explanation for blocking an account. They added that Revolut acted in line with the terms and conditions of the account, and that it acted in a timely manner.

Mr H did not agree with what our Investigator said. In summary, he made the following points:

- Revolut didn’t have a *reasonable* concern in line with what its terms say. And if it did, a more in-depth investigation should have taken place - and not just answering yes or no to a question
- He was told the checks were in line with KYC obligations but also that it was carrying them out to meet legal obligations
- Revolut could have carried out the checks without inconveniencing him
- Taking two days to carry out its checks, whilst not giving him any opportunity to do anything to unblock it, was unfair. Mr H should have been given an opportunity to resolve the issue immediately

As Mr H didn’t agree with what our Investigator said, the complaint has now been passed 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.

Having done so, I've decided not to uphold Mr H's complaint. I know this will disappoint him, so I'll explain why.

Regulated 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 they need to restrict, or in some cases go as far as closing, customers' accounts.

Revolut has provided me with information which shows why it took the actions it did. Our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Revolut has provided is information that we consider should be kept confidential.

Having looked at the information I've been sent, I'm satisfied Revolut has done nothing wrong by restricting Mr H's account and asking him a question as part of its due diligence. I'm also satisfied Revolut has acted in line with the terms of the account, and wider legal and regulatory obligations it must adhere to. It follows that I'm persuaded Revolut had reasonable concerns.

I know Mr H would like an explanation. But neither Revolut, nor I, are under any obligation, that I'm aware of, to do so. I understand the distinction Mr H is drawing between being told the review was because of KYC checks – and that Revolut is required in law to do so. But the KYC obligations, a regulated firm must observe form part of its wider regulatory and legal obligations. So, even though its arguable they're not intrinsically the same, they do form part of its legal obligations.

Mr H says Revolut could've resolved this issue much sooner. But having looked at the time frame in which it implemented the restriction, carried out its investigation and then unblocked the account, I'm satisfied Revolut caused no undue delay.

It's of course unfortunate Revolut's actions inconvenienced, and undoubtedly would've caused Mr H some distress at an important time for him. But as it's done nothing wrong, I don't think it needs to compensate Mr H for any trouble and upset caused.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 5 January 2023.

Ketan Nagla
Ombudsman