

The complaint

Mr D complains Revolut Ltd (“Revolut”) blocked and then closed his account. He also complains Revolut sent an indemnity to his other bank, but erroneously told him it wasn’t holding those funds.

What happened

In October 2020, Revolut blocked Mr D’s account whilst it carried out a review. As part of its review, Revolut asked Mr D for information about the source of his funds, and for related evidence.

Revolut say it then asked Mr D for more information in early December 2020, to which he responded. Later in December 2020, Revolut decided to close Mr D’s account with immediate effect. Mr D was given access to his account for a day, allowing him to remove his funds.

Later in February 2022, Revolut received £1,780 through an indemnity sent to Mr D’s account with his third-party bank.

Unhappy with Revolut’s actions, Mr D complained. Revolut didn’t uphold his complaint, so Mr D referred it to this service. One of our Investigator’s looked into Mr D’s complaint. In summary they found:

- Revolut had reviewed Mr D’s account in line with its obligations and terms of account. And Revolut isn’t obliged to give any notice nor explanation when reviewed and blocked the account
- Revolut caused unnecessary delay with its review between 19 October 2020 and 2 December 2020, when it asked for further information. Revolut acknowledged it had caused a delay, so it should pay Mr D £100 compensation
- Revolut acted in line with its account terms when deciding to close Mr D’s account – and it doesn’t have to give him an explanation why it did so
- As Revolut has the discretion to choose its customers in the same way a consumer can choose who it does business with, it doesn’t have to take Mr D back as its customer
- Revolut had told Mr D that it had not recalled his funds from the third-party bank. But later Revolut told this service it was holding £1,780. Revolut had agreed to return these funds to Mr D’s nominated account
- To put things right, Revolut should pay Mr D 8% interest on £1,780 from 28 February 2020 up until they’re returned. It should also pay him £551 for having to take his external bank to court for funds he believed it was holding. And it should pay Mr D £200 inconvenience caused to Mr D

Revolut accepted what our Investigator said. Mr D said he wouldn’t send in any further

representations until his funds were returned. After some time the funds were returned to Mr D's nominated account. Mr D then made the following key points:

- Revolut should provide Mr D with its explanation as to why it blocked and reviewed his account
- Mr D had made a 'Data Access Subject Request' to Revolut, and the information showed it had partly closed his account as it was unable to find an online profile for him, and because large sums of money had been paid through his account. He can provide responses to all of this
- Revolut has stopped him using its products and systems unfairly. He has proven Revolut had non-existent proof that an indemnity claim was made, and they were unable to reply to any mitigations around clear evidence that he is a real person and had not misused the account
- Revolut's actions caused him to lose his relationship with his third-party bank, especially as he had to take them to court due to the false claim it was not holding indemnified funds

As Mr D did not agree, his complaint has now been passed to me – an Ombudsman - 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 to uphold this complaint in part. I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything Mr D and Revolut have said before reaching my decision. It's important to note, my decision focuses on Revolut's actions regarding Mr D's current account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated financial 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 we consider should be kept confidential.

Account review, block and closure

Financial businesses 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 Revolut needs to restrict, or in some cases go as far as closing, its customers' accounts.

I've looked at Revolut's reasons for carrying out its review and blocking Mr D's account. And

based on what I've seen, I'm satisfied it has acted in line with the obligations it has to follow by doing so.

But I do agree that it could've carried out its investigation more promptly by around two months. This would've have caused Mr D avoidable inconvenience and distress given he was regularly chasing Revolut. So I'm persuaded Revolut should compensate him for this.

Revolut is entitled to close an account just as a customer may close an account with it. But before it closes an account, it must do so in a way, which complies with the terms and conditions of the account.

Having looked at the information given to me by Revolut, I'm satisfied it was entitled to close the account in the way that it has done – and that it was in line with the terms of the account. I note Mr D feels strongly about Revolut disclosing the exact reasons it acted in this way, and I can see that he has raised a data subject access request to help him understand this.

I have already said that some of the information Revolut has provided is information we consider should be kept confidential – and that the rules we must follow allow us to do this. I'd also add that I am not aware of any obligations that either I or Revolut are under to disclose this. So I will not be commenting on any of the reasons Mr D has put forward.

Indemnified funds

Revolut says it didn't tell Mr D that it had recalled funds from his external bank. But I've seen two online chat logs between Mr D and Revolut which, in short, shows he was told it had not recalled any funds.

Revolut later told this service it was holding onto £1,780 for which it had sent an indemnity to Mr D's bank. I've seen technical evidence which shows this money was sent to Revolut on 28 February 2022.

Revolut has not been able to show whether the funds it recalled related to Mr D's personal account – which is the subject of this complaint – or one of his business accounts. Because of this our Investigator said he would treat it as part of his personal account. I think this is reasonable given the lack of evidence Revolut has about this.

Revolut agreed to return these funds to Mr D, and as I understand it the funds have now been returned to his nominated account. But as Revolut haven't been able to show enough reason as to why it took this action, I'm satisfied Mr D was deprived of his funds and should be compensated for this loss.

Mr D says he has incurred court costs for having to act against his third-party bank to recover funds he was erroneously told by Revolut it wasn't holding. Mr D has sent information which shows he had to pay £551 altogether in court fees. I'm satisfied that it was reasonable for Mr D to have taken these steps given what Revolut had told him.

So because of that, Revolut should compensate Mr D by paying him £551.

Mr D says Revolut's actions caused him to lose his relationship with his third-party bank, especially as he had to take them to court due to the false claim it was not holding indemnified funds. However, I can't know with any degree of probability why Mr D's bank decided to end its relationship with Mr D. I also note Mr D had access at least two other bank accounts – so he hasn't lost access to banking facilities as a result.

Lastly, and for the sake of completeness, as I don't think Revolut did anything wrong by

closing Mr D's account, I won't be asking it to re-open its account facilities to Mr D.

For the delays in its investigation, and for the impact of Mr D relying on Revolut's position that it hadn't recalled the funds from his bank, I'll be awarding £300 compensation. This takes into account the distress and inconvenience Mr D has suffered in chasing Revolut about its investigation for longer than he ought to have, and for the impact of pursuing his bank for funds Revolut said it wasn't holding.

Putting things right

To put things right. Revolut should:

- Pay 8% simple interest on £1,780 from 22 February 2022 up until the funds were returned to Mr D if it hasn't already*
- Pay Mr D £551 for the court fees he's incurred in taking action against his bank
- Pay Mr D £300 compensation for the distress and inconvenience he's suffered in relation to Revolut's delay in carrying out its review, and for giving him erroneous information about the indemnified funds

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr D how much it's taken off. It should also give Mr D a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate

My final decision

For the reasons above, I uphold this complaint in part. Revolut Ltd should now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 31 May 2023.

Ketan Nagla

Ombudsman