

## **The complaint**

Ms A complains that Revolut Ltd closed her account and returned her funds to source. She would like the funds returned and compensation for the impact.

## **What happened**

Ms A had an account with Revolut.

Ms A says she used the account to receive payments from selling cryptocurrency via a platform I will refer to as B.

In February 2023, Ms A received a payment of just over £1,000 into her Revolut account from an individual I will refer to as K. Ms A has explained that the payment was for cryptocurrency that she had sold, via B to K, who was also a customer of Revolut.

Following this, Revolut received a notification that the money paid into Ms A's account from K, were fraudulent. As a result of this information Revolut reviewed Ms A's account. Whilst it completed its review Revolut restricted Ms A's account. After completing its review Revolut returned the payment to the victim of the fraud. And decided to close Ms A's account immediately.

Ms A complained to Revolut and asked them to return the money to her. She told Revolut that the transaction was legitimate, and she hadn't done anything wrong. She explained she was now out of pocket and without her cryptocurrency. Ms A submitted evidence to support her explanation via Revolut's chat facility, which included an invoice from B showing she'd completed the sale, and an email from B stating that it had frozen K's account and believed they were involved in fraud. She said she'd been the victim of fraud and reported the matter to B and the police.

In response, Revolut said it hadn't done anything wrong and had acted in line with the account terms and conditions. It said it wouldn't return the money to Ms A and released Ms A's closing balance to her.

Unhappy with this response Ms A brought her complaint to our service. One of our investigator's looked into what had happened. They asked Ms A for some more information about the sale of the cryptocurrency and what she'd done to try and recover her money. Ms A said she had contacted K and they'd told her that the money hadn't been returned to them. They said that their account had also been deactivated by Revolut.

The investigator looked at the information Ms A had provided. She said Revolut hadn't done anything wrong by closing and reviewing Ms A's account. But she said Revolut hadn't done enough to be satisfied that Ms A wasn't entitled to the money K paid into her account. So, she said Revolut hadn't treated Ms A fairly when it sent the money back to source and it should refund Ms A the payment. She also said Revolut should pay Ms A £200 compensation for the trouble and upset this had caused her along with interest for loss of use of the funds.

Ms A agreed. Revolut didn't. It said it didn't believe Ms A had been the victim of a scam. So, it wasn't happy to refund the money.

As no agreement could be reached the matter has come 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.

Revolut are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to carry out ongoing monitoring of an existing business relationship. That sometimes means Revolut need to restrict, or in some cases go as far as closing customers' accounts and return payments.

The crux of Ms A's complaint is that she wants Revolut to refund her the money she says she lost as a result of selling K cryptocurrency. Having looked at all the evidence and circumstances of this complaint, I'm minded to say that the fair and reasonable outcome is that Revolut refund Ms A. I shall explain why.

First, I'd like to acknowledge the difficulties that this complaint presents. There was a particular tension for Revolut here because on the face of it, both Ms A and the individual who sent the funds to K, were victims of fraud. In such circumstance there is a natural impulse to restore positions as far as possible. It is well documented that banking fraud is very damaging not only to the financial sector itself, but more particularly to individuals.

Ms A went to great lengths to explain to Revolut that she hadn't done anything wrong and sent them evidence to support her explanation. However, Revolut decided to return the funds to the victim of the original scam, so that they could be refunded. Revolut have said it did this on the basis of the outcome of its review of Ms A's account and in order to comply with its legal and regulatory obligations. The effect of Revolut's actions meant that Ms A had lost her cryptocurrency which she'd sold legitimately to K and the money she had expected in payment for it.

Whilst initially Revolut were sceptical about Ms A's explanation, later they believed that she had sold her cryptocurrency, but considered this irrelevant to her ability to retain the funds. I disagree.

When considering Revolut's terms and conditions I've noted one term of relevance which states:

*On the other hand, if a payment is mistakenly paid into your Revolut account, we can reverse the payment or put a hold on it. If we pre-fund a payment into your account (like if you receive your salary early via Bacs) and the payment fails to arrive, we can also reverse the payment or put a hold on it. We can do this even if you have spent part of the payment. If the person who mistakenly made the payment makes a legal claim to get it back themselves, we may need to share your information with them.*

This term talks about situations where Revolut can debit a customer's account without their agreement. It is titled 'What we'll do if we, or someone else, has made a mistake.' I'm

therefore not satisfied this would apply to the facts of Ms A's complaint. The payment into her account was made as the result of a scam, not an error or mistake. Whilst unknowingly part of a wider scam, the payment was received by Ms A in return for her cryptocurrency.

In this case, based on the evidence I've reviewed, which includes the documents Ms A has provided, I'm satisfied that Ms A had a credible complaint. There's no evidence to suggest Ms A dishonestly procured the funds she received from K. Nor is there any evidence that she knew, believed or suspected that the funds had been illegitimately procured by someone else in order to pay her for the cryptocurrency. With this in mind, I don't accept Revolut acted fairly when it returned the payment to source.

I say this because Ms A has provided this service with information about the transaction. She's sent us evidence that the payment was made by K through B. It appears the cryptocurrency was held by B until K had made the payment to Ms A's Revolut account, at which point Ms A released the cryptocurrency to K. Based on everything I've seen it appears Ms A believed she was engaged in a genuine cryptocurrency trade. So, I think the fair resolution here, based on all the circumstances would be for Revolut to return the funds it took from Ms A's account back to her.

I've considered what Ms A has said about how Revolut's actions impacted her. Ms A had to spend time contacting Revolut trying to sort out what had happened to her funds. And she had to spend time chasing K and B to get her money back, but despite her best efforts, she was left out of pocket. I think Ms A has made reasonable efforts to minimise the financial losses by contacting both B and K – unfortunately without any success. But I don't think Revolut did enough to satisfy themselves that Ms A wasn't entitled to the money paid into her account in the first place. So, I think they should refund her as she is now at a financial loss. I think adding interest to the amount they refund her fairly compensates her for the loss of use of this money.

I also think Revolut should pay compensation for the trouble and upset this overall situation has caused Ms A. Ms A has said that she has been affected both financially and mentally. She has explained that she is a student, so money is tight and was relying on the funds to pay rent. Taking everything into account, I am satisfied that Revolut's decision to send back the payment has caused Ms A distress and inconvenience. I consider the amount of £200 compensation to be appropriate in the circumstances.

Finally, I turn to the Revolut's decision to close Ms A's account. I'm satisfied that Revolut acted in line with the account terms and relevant regulations when it decided to close Ms A's account. So, I can't say Revolut has done anything wrong or treated Ms A unfairly when it closed her account.

## **My final decision**

My final decision is that I partly uphold Ms A's complaint. To put things right Revolut Ltd should:

- Refund Ms A £1,014.77
- Pay Ms A simple interest at the rate of 8% on £1,014.77 from 20 February 2023 until the date of refund.
- Pay an additional £200 for the trouble and upset caused by this matter

HM Revenue & Customs requires Revolut Ltd to withhold income tax from the above-mentioned interest. Revolut should give Ms A a certificate showing how much is taken off if she asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms A to accept or reject my decision before 13 March 2024.

Sharon Kerrison  
**Ombudsman**