

The complaint

Mr O complains Revolut Ltd unfairly blocked and closed his account. He is also unhappy that Revolut sent money paid into his account back to source. He wants compensation for the financial losses, trouble and upset this caused him.

What happened

Mr O had an account with Revolut. Mr O says he used the account to receive payments from customers for a business he was trialling.

In February 2023, Mr O received a payment of £100 into his Revolut account from an individual I will refer to as B. A further payment from B of £100 was made on 6 March 2023. Mr O has explained that the payments were for design work B had contracted him to do.

After the payments had been received, Revolut received a notification from B's bank that the £200 paid into Mr O's account was fraudulent. As a result of this information Revolut reviewed Mr O's account. Whilst it completed its review Revolut restricted Mr O's account. Following its review Revolut returned the payments to B's bank so that they could refund B. Revolut then decided to close Mr O's account immediately.

Mr O complained to Revolut and asked them to return the money to him. He told Revolut that the payments were legitimate, and he hadn't done anything wrong. He explained that he was designing a website for B, but a dispute arose after B asked him to copy content from another website. And he refused. Mr O said that B was unhappy about this so recalled the deposit they had paid Mr O by raising a fraud claim with their bank.

Mr O complained to Revolut and submitted evidence to support his entitlement to the money via Revolut's chat facility, which included screenshots of messages between him and B that showed Mr O was working on designing a website for B and that there was a contractual dispute between the two over the content. In response, Revolut said it may have made a mistake in returning the funds to B and would review its decision. However, following this Revolut maintained its position and declined to refund Mr O the £200 it had returned to source.

Unhappy with this response Mr O brought his complaint to our service. One of our investigator's looked into what had happened. They asked Mr O for some more information about the contract between Mr O and B. Mr O provided more screen shots of his conversations with B. After reviewing everything, the investigator said Revolut hadn't carried out an adequate investigation to satisfy themselves Mr O wasn't entitled to the money in the account. And said that this was simply a contractual dispute. So, she said Revolut should refund Mr O £200 and pay him interest for loss of use of the money.

The investigator said that Revolut hadn't done anything wrong when it had blocked, reviewed and closed Mr O's account. And had done so in line with the terms and conditions.

Revolut agreed with what the investigator said. Mr O didn't. He said Revolut shouldn't have blocked and closed his account. He also said that he wants more compensation because Revolut's actions led to him losing business, his credit score being impacted, and he was unable to pay his bills. So, he says the amount of compensation offered doesn't adequately reflect the amount of trouble upset and financial loss he has suffered.

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.

I appreciate Mr O was disappointed by the investigator's opinion and I can see that he has provided a detailed response to what she said about his complaint. I'd like to reassure Mr O that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I'll start by setting out some context for why Revolut reviewed Mr O's account. 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.

Fraud is a serious matter, and one way financial businesses and banks can help to tackle fraudulent payments is by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that Revolut is not required to prove beyond reasonable doubt that Mr O is guilty of a fraud or financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Revolut to block Mr O's account. Revolut has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Revolut were complying with its legal and regulatory obligations. Doing so also enabled Revolut to consider how best to react to the information it had received from the sending bank about the money that had been paid into Mr O's account. So, whilst I accept, Revolut's actions caused Mr O inconvenience and upset when it blocked his account, I can't say it did anything wrong and treated him unfairly in doing so.

The crux of Mr O's complaint is that he is unhappy that Revolut returned the money B paid into his account back to source, which meant he lost out financially. Mr O says he went to great lengths to explain to Revolut that he hadn't done anything wrong and sent them evidence to support his explanation about his entitlement to the money. Revolut has accepted it shouldn't have sent the money back and has now agreed to refund Mr O the £200. It has also agreed to pay Mr O interest on the money to compensate him for loss of use of these funds. Mr O says this isn't enough.

Mr O has explained that he is seeking more compensation to resolve his complaint. Mr O has said that he wasn't able to pay his bills and fell into arrears on his credit card and council tax. He has provided copies of his credit card bill and demand from his council to support this position. I've looked at these and having done so I'm not satisfied that I can hold Revolut responsible for the arrears Mr O owes. I say this because the arrears are far in

excess of £200, and appear to have been building up for some time prior to Mr O being paid for work by B. And Revolut sending the money back to source.

Mr O has also said that his credit file has been impacted and he has lost out on business. He hasn't however, provided any evidence that persuades me that is the case. So, it wouldn't be fair of me to award Mr O compensation for something there is no evidence of.

Having looked at the circumstances of this complaint and what Mr O has said about how the matter has impacted him, I consider the level of compensation suggested by the investigator is fair for the distress and inconvenience Mr O was caused. Refunding Mr O, the £200 puts Mr O back in the position he would have been in had Revolut not sent the money back to source. So, he's not lost out financially. I think adding interest to the amount they refund fairly compensates him for the loss of use of this money. So, I won't be increasing the level of compensation.

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as a means of punishing a business for a consumer bringing their complaint to this service.

Finally, I've looked at Revolut's decision to close Mr O's account. Revolut's decision to close Mr O's account was made shortly after it reviewed his account. It might be helpful to explain that following a review, banks and financial businesses sometimes decide to close an account. They are entitled to decide for themselves whether to do business or continue doing business with a customer.

Each financial institution has its own criteria and risk assessment for deciding whether to continue providing accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. That's because it has the commercial freedom to decide who it wants as a customer. And unless there's a good reason to do so, this service won't usually say that a bank must keep a customer. But they shouldn't decline to continue to provide an account without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Revolut have relied on the terms and conditions of Mr O's account when closing it. The they outline that Revolut can close a customer's account with 60 days' notice, and in certain circumstances they can close an account immediately. Here they closed Mr O's account immediately. For Revolut to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at all the evidence I'm satisfied that Revolut did. So, it was entitled to close the account as it's already done and end its relationship with Mr O. This means I won't be asking Revolut to reopen Mr O's account.

My final decision

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

- Refund Mr O £200
- Pay Mr O simple interest at the rate of 8% on £200 from 12 April 2023 the until the date of refund.

HM Revenue & Customs require Revolut Ltd to withhold income tax from the abovementioned interest. Revolut should give Mr O a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 21 March 2024.

Sharon Kerrison
Ombudsman