

The complaint

Mr R complains that Revolut Trading Limited ('RTL'), an appointed representative of Resolution Compliance Limited, restricted his access to his share dealing account in late 2021 due to regulatory requirements following the expiry of the transition period after the United Kingdom's departure from the European Union ('Brexit') on 31 December 2020.

To resolve his complaint, Mr R wants RTL to pay back all of the losses he incurred due to suspension of his account.

What happened

Mr R opened his account with RTL on 23 November 2020. He is resident in a mainland European country. Due to regulatory changes following Brexit, RTL was no longer able to provide services to residents of Mr R's particular country. As at this date all affected customers, including Mr R, had their trading accounts restricted.

It was initially hoped that RTL could reinstate the account – but many months later it confirmed this was not possible and the account remained restricted. RTL says Mr R sought advice from its customer services on 9 June 2021 and 25 November 2021 about closing the account, but decided not to go ahead because of market volatility with his holdings.

RTL thereafter closed the account on 23 November 2022. The proceeds of the account (in USD) were paid to Mr R, totalling \$647.68.

Mr R pursued his complaint to RTL electronically on 30 January 2023 noting that he hadn't been able to close his account at a time when his holdings had generated a positive return.

RTL issued a final response letter on 27 March 2023, in which it upheld the complaint. It agreed to cover all of the portfolio loss to the date the closure had been requested by Mr R – totalling \$3806.28.

Though the compensation was paid to Mr R, he remained unhappy and referred his complaint to this service where it was reviewed by one of our investigators. He did not think RTL needed to do any more than it already had to resolve the complaint.

He said he empathised with Mr R and can see why he was unhappy with his account being restricted. However, he was satisfied that RTL had put him back into the position he would've been had his account been closed when initially requested in 2021. RTL had also accounted for the financial loss he suffered as a result. He did not otherwise believe RTL should've acted differently, because it had to abide by the regulatory position following Brexit; its application to continue to provide Mr R with services was declined, and the restrictions were unable to be moved.

Mr R agreed that his complaint should be upheld but he thought he would have received slightly more in compensation (approximately \$500 more). He also said he had contacted the customer service facility on RTL's app more than twice, and had in fact been in

discussions periodically until (and after) the account closed.

Our investigator obtained further chat history from RTL and he identified that Mr R had tried to obtain access to his funds on other occasions – and RTL had failed to provide access. However, he believed RTL had otherwise fairly resolved the complaint and didn't need to do anything further.

Mr R asked our investigator to refer his complaint to an ombudsman. In a further call with our investigator he explained that the restrictions placed by RTL were unfair and pushed investors such as himself to sell holdings at a loss. On the various occasions where there was a profit, he tried to sell them – but RTL blocked him from doing so as it said it could take several days. Otherwise, he wanted to transfer them out to another share dealing service, but he couldn't do that either. Overall, he felt RTL may owe him \$500 to \$1,000.

RTL had no other comments to make. The complaint has now been passed to me.

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.

Before I go any further, I do wish to send Mr R my best wishes as I recognise during the course of his complaint that he had family difficulties yet continued to update our investigator as needed. However, I must be fair to both parties. And though I realise this decision won't be what Mr R has hoped for, I am not able to uphold this complaint.

As I'll on to explain, I believe RTL has made an error with its communications in respect of Mr R's options with his account. However, I agree with our investigator that I don't believe it needs to do anything else to resolve the complaint as it has already paid appropriate redress to put matters right.

In summary, my reasons for reaching this decision are:

- RTL was not able to prevent the restrictions placed on residents from Mr R's European country.
- It had to comply with those regulations, and it accordingly needed to restrict the account from trading.
- Though it gave Mr R and all other affected customers limited notice in December 2020, it did tell them at the earliest available opportunity.
- This meant Mr R could have sold his holdings at that time, but an approximate sale value would be given as holdings took three to five working days to liquidate.
- The value of the shares at 31 December 2020 in USD was \$3,679.84.
- RTL tried other means to operate the account following Brexit, including seeking licencing via the Republic of Ireland but it was unable to achieve this by late 2021.
- RTL has shown us the relevant regulatory rules which meant it could not continue providing investment services to Mr R as a national of his particular country.
- RTL was otherwise entitled to close Mr R's account in accordance with clause 4 of its trading terms and conditions.
- It did this because the trading account relied on the holding of an associated electronic money account (hence the holdings being set out in USD) and Mr R could no longer hold that account due to the geographic restrictions imposed following Brexit.
- RTL gave Mr R sufficient notice of the closure, again in accordance with the relevant trading terms and conditions.

- Accordingly, it liquidated the holdings as at that date.
- However, Mr R sought to close his account on several occasions (three times up to December 2021).
- RTL did inform Mr R that *“you will be able to close your Trading account at any time, which would mean that all your investments would be sold and the net proceeds would be transferred to your USD e-Money account”*.
- However, Mr R declined on these occasions because he did not want to wait any number of days for the holdings to be sold, in case they suffered a loss.
- That was not RTL’s fault; no matter when the closure request was made, it would have to sell down the shares held in the trading account.
- It explained this to Mr R, noting *“please keep in mind that the process of selling the shares takes a few days, ...please be aware of the volatility risk, market fluctuations and liquidity risk. As soon as the shares are sold, the funds will be transferred to your main USD e-Money account in Revolut (RTL) after the settlement of the sale”*.
- However, it could have clarified to Mr R that this timescale *always* applied. It is clear that Mr R was confused about that – and he mistakenly thought he could access the share proceeds instantly.
- That notwithstanding, RTL has offered Mr R an additional \$3,806.28 compensation, to account for the returns he could have made had his shares been sold at the first requested opportunity in June 2021.
- I believe this offer to be a fair and reasonable resolution to the complaint. The total redress of \$4,453.96 (accounting for both the share sale and the inability to access the funds until the settlement date) exceeds the investment valuation of \$3,679.84 at the time of the restriction being applied.
- Though Mr R believes he should be owed a further \$500 to \$1,000, I have seen no objective evidence that this is the case.
- RTL has now properly compensated Mr R by paying him appropriate investment redress. I do not believe RTL needs to do anything else to resolve this complaint, and so I cannot uphold it.

My final decision

I do not uphold this complaint. Though RTL acting as an appointed representative of Resolution Compliance Limited ought to have settled Mr R’s restricted share dealing account sooner than it did, it paid him appropriate redress for that mistake before the complaint was brought to this service. I cannot therefore ask it to do anything further.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 25 June 2024.

Jo Storey
Ombudsman