

The complaint

Mr P has complained that Revolut Ltd ('Revolut') closed his account and returned money he'd received as rent back to sender. He wants his money to be returned to him, an apology and an explanation why the money was sent back.

What happened

Mr P opened an account with Revolut in June 2023. In November 2023 when he tried to use his card at the supermarket it was rejected.

Revolut got in touch with Mr P on 8 November 2023 to ask about a £1,735.00 payment made into his account a few months earlier. It asked what his relationship with the payer was, the purpose of the payment and for supporting evidence. Mr P said it was money for rent. When Revolut asked for additional evidence such as a rental agreement or evidence of conversations between the parties, Mr P said he wanted to transfer all his funds to another account and close this one. He said the money was for a property he has abroad and that it was hard to get in touch with the renter due to the time difference.

When Mr P tried to send his remaining balance to another one of his accounts it was rejected. Revolut said without the requested information it wouldn't be able to proceed. Mr P said the money had been transferred by a friend who was renting his property abroad and it was a one-off payment made using cryptocurrency. Mr P provided evidence of the bank transfer and some evidence of a conversation with his friend. Revolut said it would review the evidence. The account remained blocked in the meantime.

On 16 November 2023 Mr P got in touch with Revolut to ask why his balance was returned to the sending bank despite it being in his account since July 2023. Revolut said that the sender's bank had asked for the money to be returned to its customer and Revolut told Mr P it had an obligation to do so. But it wasn't able to confirm why the sender bank had asked for the money back.

Mr P was advised to get in touch with the sending bank which he did but he was told to deal with Revolut instead. Revolut then confirmed it was going to be closing Mr P's account. It said it wouldn't be able to share its reasons for doing so with him. It said it would close the account by 16 January 2024 but in the meantime any transfers made to the account would be rejected and returned to sender; so the restrictions would remain.

Mr P wasn't happy about this and complained. Revolut didn't uphold the complaint. It said that the money had been returned because it had received a payment recall from the sending bank. It again advised Mr P to get in touch with the sending bank for further details. It also said it had carried out a review of the account in order to carry out its due diligence and decided that it would no longer be able to offer its services to Mr P. It said it wouldn't be able to share its reasons for doing so due to confidentiality concerns and added that its decision was also in line with its terms and conditions which allow it to close or suspend an account immediately in exceptional circumstances.

Mr P then brought his complaint to us. He said he wanted his money back, an apology and an explanation why the money had been returned. He told our investigator that the payment was received from a third party and not the renter and that the renter had exchanged cryptocurrency for pounds sterling and transferred it into his account. He said he never dealt with the sender but his friend/the renter used the third party to transfer the funds.

Our investigator didn't think Revolut had acted unfairly or unreasonably or in any way that was outside its terms and conditions or its legal and regulatory obligations. She didn't think Mr P had provided enough evidence to show he was entitled to those funds.

After receiving our investigator's view Mr P provided further evidence. He provided screenshots of conversations with the renter as well as a rental agreement and identification documents for himself and other parties. Our investigator provided this information to Revolut who agreed to reopen Mr P's account and also to try to retrieve his money back from the other bank. Our investigator wasn't minded to change her view because she felt Revolut had acted fairly and reasonably based on the information it had at the time. But she welcomed Revolut's proposed actions.

By the time the complaint came to me the account had been reopened but Mr P was still waiting to hear about his refund. As the resolution Mr P was originally after wasn't provided to him, the complaint was 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.

It might be helpful if I start by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations Revolut may need to review an account and/or restrict its customers' access to accounts and funds held within them. Under its terms and conditions Revolut can also block an account and a card if it has security or other concerns. And it may suspend or close an account immediately in certain circumstances including when it hasn't been provided with any of the information it needs.

So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly including its terms and conditions, while also meeting its legal and regulatory obligations.

Revolut told Mr P that it had a request from the sender bank to return the rent payment Mr P had received. When this request was received, Revolut asked Mr P for information regarding the reasons for the payment. Mr P provided some information but Revolut still decided to return the funds that were still in his account, around £1,153.50, back to the sender bank. From the evidence available to me, I don't think Revolut's actions at the time were unfair or unreasonable. I say this because, on balance, I don't think the evidence Mr P provided at the time was sufficient to show that he was entitled to those funds. For example, the rental agreement hadn't been provided and nor were Mr P's various messages with the renter about the transaction. And I am satisfied that Revolut gave Mr P an opportunity to provide all the necessary information and evidence; most of which I think Mr P would have had access to at that time.

Revolut also carried out a review of Mr P's account and decided to close it. It allowed him access to his documents for 60 days but the block on the account remained. As I said above, Revolut has legal and regulatory obligations and in order to comply with those it may need to review an account and restrict its customer's access to it. And we don't think it needs to provide its reasons for doing so. Based on the information available to me and the information Revolut had at the time, I don't think its decision to close the account, in essence, with immediate effect was unfair or unreasonable or outside its terms and conditions. Having said that, I note that Revolut agreed to reopen the account after Mr P provided additional information about the source of the funds.

I appreciate that Mr P's biggest concern is about retrieving his funds. Revolut has said it is in contact with the sender bank and hopes to be able to get the money back. As this is a development that happened after the complaint came to us, I have not been able to consider it as part of this complaint. Mr P will have to raise a new complaint if he is unhappy about the progress Revolut is making in retrieving his money. But given that Mr P is vulnerable I would urge Revolut to resolve this issue as a matter of urgency.

My final decision

For the reasons above, I am not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 16 May 2024.

Anastasia Serdari
Ombudsman