

The complaint

Mr B complains Revolut Ltd (“Revolut”) blocked and later closed his personal account without explanation. Mr B says this has led to him being forced to liquidate crypto assets which would lead to a substantive financial loss.

Mr B says this matter has caused him distress and inconvenience.

What happened

In October 2022, Revolut asked Mr B to provide it with information about the source of funds in his account. Mr B explained that he had only just provided the same documents a few weeks prior in relation to a similar review for his business account.

On 9 November 2022, Revolut informed Mr B on its in-app chat that his account wasn’t restricted. A couple of days later Mr B attempted a payment on his Revolut account, but it was declined. Mr B enquired about this and was told that his account had been restricted as part of Revolut’s ongoing review.

Mr B explained that all the information Revolut needed had already been provided as part of his business account review and so it should communicate better internally. On 11 November 2022, Mr B was told Revolut didn’t require any further details from him. Revolut also informed Mr B that it had legal and regulatory requirements to meet and that is why it was carrying out the review.

Mr B contacted Revolut using its in-app service again on 13 November 2022 and said his app profile was showing he still needed to provide documentation about his income. And his business account - which had been reviewed successfully - was where the funds in his personal account originated from.

Mr B was told again that Revolut didn’t require any information from him, and the review was still ongoing.

Mr B continued to chase Revolut for updates. Around 25 November 2022, Revolut informed Mr B it had decided to close his account and would do so on 22 January 2023. So Mr B must remove all his funds within 60 days through external bank transfer. Mr B was also told that if he had any crypto assets they would need to be sold, exchanged into his base currency, and then the funds withdrawn.

Mr B enquired if he could transfer his crypto assets to another trading platform. He was told he couldn’t. Unhappy with Revolut’s actions, Mr B complained. Revolut didn’t uphold Mr B’s complaint. In summary, the key points it made were:

- In order to meet its legal and regulatory requirements, Revolut has the right to restrict an account when carrying out a review. And its terms and conditions of account set out when it can close an account
- Revolut has acted in line with its obligations and terms of account

Mr B then referred his complaint to this service. One of our Investigator's looked into Mr B's complaint, and they recommended it isn't upheld. Their key findings were:

- Mr B didn't provide any of the documents requested as part of Revolut's source of funds review for his personal account within its timeframe
- It's not unreasonable for Revolut to ask for this information as it has legal and regulatory obligations to comply with. Such information requests can be done at any time and frequency. Mr B is expected to comply with such requests
- Revolut acted reasonably, and in line with its terms and conditions, when closing Mr B's account
- Clause 24 of Revolut's terms say if it closes Mr B's account, he can only exchange assets into his base currency. So Mr B is required to liquidate any such assets to clear the account so it can be closed. Mr B agreed to these terms when he opened the account

Mr B didn't agree with what our Investigator said. In response, some of the key points Mr B has made are:

- He had already provided the documents Revolut wanted a few weeks before for his business account which were approved. So Mr B questions how not disclosing information is still a significant issue
- Revolut's staff told Mr B on multiple occasions he didn't have to disclose any documents when he asked them
- Mr B questions how he is supposed to know his business and personal accounts are treated separately by Revolut – to his mind they are linked. Mr B had also offered to send in the documents Revolut wanted for his personal account review prior to the decision to close it

In their responses, our Investigator said:

- There's lots of things Revolut may take into consideration when closing an account. They can't share these details with Mr B, but Revolut were within its rights to close the account
- Revolut would have closed the account regardless of Mr B sending in the information that was requested
- Revolut asked Mr B for documents for his personal account. The documents Mr B provided for the business account are separate from this, so they aren't relevant here
- Revolut had completed its review by the time Mr B offered to send in documents to it after it had asked him to do so on three previous occasions. By this time Revolut had already decided to close Mr B's account, so any further documents sent to it wouldn't have made any difference
- Mr B questions why he is still a business customer given his personal account has been closed. Because of this he thinks the information he'd provided as part of the business review, and what he offered to send in would have prevented his account being closed

- Mr B should be able to transfer his crypto assets to another provider, that way he can wait for his assets to return to a profitable value. Revolut is exposed to foreign exchange fluctuations. Liquidating his assets into such a currency will allow Revolut to unfairly buy his position at a discount which it can capitalise on when the market goes up

As there was no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision in which I set-out what I was planning to decide. For ease of reference, here is what I said:

Provisional decision

"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'm planning on upholding 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 B and Revolut have said before reaching my decision.

To be clear, this decision only deals with Mr B's complaint about his personal account. That means I won't be making any findings on whether Revolut has acted fairly in allowing Mr B to keep his business account open.

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, customers' accounts.

Revolut has explained and sent information to show why it reviewed and later restricted Mr B's account. Having carefully considered this, I'm satisfied Revolut acted in line with its obligations when doing so.

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

The terms and conditions of the account, which Revolut and Mr B had to comply with, say that it could close the account by giving him at least 60 days' notice. And in certain circumstances it can close an account immediately or with less notice. Revolut gave Mr B 60 days' notice in which he was able to access his funds and transfer them out.

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 it's done so in line with its terms of account. I note Mr B feels strongly that had Revolut relied on the information he'd provided a few weeks before for his business account review, or alternatively said it still needed this information, his account wouldn't have been restricted or closed in the way it has.

I can see why Mr B feels this is an integral and critical issue. Having carefully reviewed all the communication Revolut had with Mr B, including all the in-app chats, I can see why he feels this way. I also agree Revolut's communication about this has been poor. To be told Revolut needed this information and then told it didn't whilst the account was under review has caused avoidable uncertainty and ambiguity here. Especially as it appears the Revolut app was informing Mr B he needed to send this information.

I also can see why being told it was too late to send in information after previously telling Revolut he had already sent it as part of his business account review, is at best, frustrating. So I can see why Mr B feels so strongly about this too.

The reason I say this is because Mr B isn't being unreasonable in telling Revolut he'd already sent it this information. From his point of view he is dealing with the same organisation – regardless of how it is structured internally. So I think Revolut could have done more here to acquire this information internally. This in turn would have prevented some inconvenience to Mr B.

In summary, I'm persuaded Revolut provided poor communication and didn't act reasonably enough to garner the information it wanted from its internal departments. So I think it needs to compensate Mr B for this.

However, Revolut has provided me evidence, and its reasons, for restricting and closing Mr B's account in the way it has. Having closely reviewed this, I'm satisfied that even if the information was made available, the account would have still been restricted and closed in the way it has. So I won't be asking Revolut to keep the account open.

I know Mr B would like a detailed explanation as to why Revolut acted in this way. But it is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated 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.

Crypto currency

Clause 24 of the terms and conditions of the account Mr B agreed to says:

If we close your account in exceptional circumstances, you will only be able to exchange funds into your base currency, liquidate your trading account, sell any cryptocurrency or commodities, and send money via external bank transfer before the account is closed. You will not be able to credit the account.....

I've already said that Revolut acted in line with its terms when it decided to close Mr B's account. So given what the terms say, I don't think Revolut is doing anything wrong in asking him to liquidate his crypto assets into the account's base currency. I note what Mr B says about this and how exchanging the assets in this way will lead to financial loss partly due to currency fluctuations – but he agreed to these terms when opening the account.

Mr B says he should be given the opportunity to recover the loss he's incurred on the value of his crypto assets by being able to move them directly to another crypto trading platform. But Revolut doesn't operate in this way – and this again was made clear in its terms.

Mr B may incur some loss, but he is able to buy the same crypto assets with another trading platform for the value he liquidates at. Thereby he can wait for his assets to return to a value on any new platform enabling him to recover the loss he has already suffered in the way he

intends to. This of course isn't guaranteed regardless of if the assets are with Revolut or not.

Delay in releasing funds

Mr B was able to access his funds around 25 November 2022, and I can see from his statements he transferred these out on 28 November 2022. But from the information Revolut have provided me I can see it could have unrestricted and allowed Mr B to access his funds on 11 November 2022.

So it appears Mr B was deprived access to his funds for around two weeks more than he should have. Because of this Revolut should pay Mr B 8% simple interest from 11 November 2022 up until the funds were made available to him.

Compensation

As I've said and explained above, I don't think Revolut has done anything wrong in restricting and closing Mr B's account in the way it has. I note Mr B says these actions caused him financial loss, distress, and inconvenience. But as I don't think Revolut did anything wrong here, I won't be asking it to compensate Mr B for this.

However, I do think Revolut communicated poorly, and should have done more to access information it already had from Mr B to reduce the distress and inconvenience Mr B was caused, and which could have been avoided. Having carefully considered this, and what impact this had on Mr B, I'm satisfied an award of £300 is fair compensation.

Putting things right

To put things right, Revolut should:

- *Pay Mr B 8% simple interest on the balance of funds in his account as of 11 November 2022 up until they were made available to him on 25 November 2022**
- *Pay Mr B £300 compensation"*

I then asked both parties to send me any further comments and evidence for me to consider. Mr B has not responded and Revolut has said it will accept what I said I was planning on deciding. As the deadline for further responses has now passed, I will decide this complaint.

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.

As I have no further comments or evidence to consider, and for the reasons in my provisional decision – as above – I have decided to uphold this complaint in part.

Putting things right

To put things right, Revolut must:

- Pay Mr B 8% simple interest on the balance of funds in his account as of 11 November 2022 up until they were made available to him on 25 November 2022*
- Pay Mr B £300 compensation

*If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that

interest, it should tell Mr B how much it's taken off. It should also give Mr B 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 have decided to uphold this complaint in part. Revolut Ltd must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 20 May 2024.

Ketan Nagla
Ombudsman