

The complaint

S, a limited company, is unhappy that Revolut Ltd ('Revolut') asked it to provide information it considers to be confidential and because it decided to close its business account when S didn't provide this.

S's complaint was brought to our service by its director, Mr C.

What happened

S had a business account with Revolut since October 2023. In November 2023 Revolut blocked the account and asked Mr C to provide evidence in support of a payment he said had been made to one of S's employees. Mr C says he refused to provide payslips or an employment contract as he felt this would be against the law and a breach of data protection legislation.

Revolut decided to close the account in December 2023 and gave S 60 days' notice to move its funds. It said Mr C could move the funds to another account that belonged to S but couldn't use the account to receive or send funds elsewhere.

Mr C didn't agree with Revolut's decision and complained. Revolut didn't uphold the complaint and said it was acting in line with its legal and regulatory responsibilities when it decided to review and block the account. It said this was also in line with its terms and conditions. It refunded a £100 fee that had been charged on the account as S would no longer have access to the benefits of the account.

Mr C then brought S's complaint to us. He said Revolut demanded the information and he considered this to be a bullying tactic and that it was trying to force S, a small business, to break the law with the threat of closing its account. Mr C said S's ability to trade was impacted due to not being able to make payments using the account.

One of our investigators reviewed the complaint but didn't think it should be upheld. She thought Revolut's request for information was legitimate and said that it was acting in line with its legal and regulatory obligations when it blocked and then closed the account.

Mr C didn't agree. He said the crux of S's complaint was that it was asked to break the law and that he considered this to be coercion. Our investigator didn't change her view and Mr C asked for an ombudsman's decision. He didn't think Revolut's legal obligations should take precedence over S's own legal obligations.

The matter was then 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 off 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. As our investigator said, Revolut has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Revolut will review accounts to comply with these responsibilities. It's common practice for financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

Having reviewed all the evidence, including the information Revolut provided in response to the investigator's view, I'm satisfied that it was acting in line with its legal and regulatory obligations when it restricted S's account.

I've also considered the basis for Revolut's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Revolut acted fairly by blocking S's account.

Revolut has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that its decision around reviewing and blocking S's account was unfair.

I should also add that I don't think Revolut is under any obligation to disclose to its customers what triggers a review of their accounts. For this reason, I can't say that it's done anything wrong by not giving Mr C this information. And it wouldn't be appropriate for me to require it to do so.

Revolut said that 60 days' notice was provided for Mr C to remove S's funds but otherwise no other transactions or payments in were allowed. I think this is more akin to an immediate closure as S was, effectively, unable to use the account. Having looked at all the evidence and the terms and conditions I'm satisfied that Revolut was acting fairly and reasonably when it closed the account in this way. Revolut has provided some further details of its decision-making process which, unfortunately, I can't share due to its commercial sensitivity. But I've seen nothing to suggest that Revolut's decision around closing S's account was unfair or unreasonable based on the evidence it had available to it at the time. In saying this I have also borne in mind that under its terms and conditions an immediate closure is something it can do in certain circumstances including when its customer doesn't provide information it has asked for.

On 14 November 2023 Revolut asked Mr C to provide supporting documentation in relation to a transaction which Mr C said was a salary payment to one of S's employees. Revolut asked for documentary evidence such as a contract of employment or invoices with a description of services provided. Mr C felt the information that Revolut requested was private and would have required S to break the law in order to disclose it. He didn't think Revolut's legal and regulatory obligations override S's.

I don't think Revolut was acting unfairly or unreasonably in the circumstances and I will explain why. The information Revolut was asking Mr C to provide is fairly standard information that financial businesses are required to have in order to adhere to regulatory responsibilities. And I thought the evidence requested such as payslips and an employment contract would be something that any business like S would have easily available to it. It's not in my remit to determine what questions Revolut should ask its customers to ensure it adheres to these responsibilities.

So, whilst I can appreciate Mr C's point of view about the necessity of the information Revolut requested, I can't reasonably say that it was acting unfairly or unreasonably when it asked Mr C to provide evidence in support of a specific payment. I appreciate Mr C feels he would have had to breach data protection laws to provide this information. It's not within my remit to decide whether this would have necessitated Mr C or S breaching data protection laws, that would be a matter for other organisations such as the Information Commissioner's Office or the courts. But what I will say is, as I said above, I thought the information Revolut requested was fairly standard and it was necessary in order for it to comply with its legal and regulatory obligations. So, I can't say it has done anything improper here.

Mr C accepts that he didn't provide this information to Revolut and said he had no intention of providing it. He said the only relevant evidence was a contract and payslips which he wouldn't provide as he believed it would be against the law. Revolut received a blank screenshot which it told Mr C wasn't acceptable evidence. It asked for the information again on 20 November 2023 but it wasn't provided.

Revolut decided to close the account on 1 December 2023 and wrote to Mr C on the same day to let him know. I think it allowed Mr C sufficient time to provide the evidence it required but, I also note that by that point Mr C had made it clear he wasn't planning on fully complying with its request.

I appreciate Mr C will be disappointed with my decision but for the reasons I have given above I didn't think Revolut's actions in these specific circumstances were unfair or unreasonable.

My final decision

For the reasons above I have decided not to uphold this complaint.

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

Anastasia Serdari
Ombudsman