

The complaint

Mr S complains that Revolut Ltd ('Revolut') made it difficult for him to transfer funds out of his account and thereafter froze the account for several months.

What happened

Mr S had an account with Revolut which he opened in November 2019. He said it was also his nominated account for an external savings account. Mr S said he opened a new account with a building society which was offering a good interest rate on savings and wanted to transfer his funds to his new account. So in July 2023 he tried to transfer his savings which came to over £100,000 to his building society account via his Revolut account.

Revolut stopped the transfer initially, but it allowed it on the following day. Before allowing the payment, it said it had to perform further checks in order to ensure Mr S wasn't being scammed. It asked Mr S questions about the purpose of the transfer, if he was happy he would be able to access and take out his funds from his new account etc.

A few days after the transfer went through, Revolut told Mr S that it was restricting his account so it could be reviewed. It said he wouldn't be able to receive or send funds out of the account.

Mr S wasn't happy about this and complained. He said he was harassed by Revolut's staff who kept asking him the same questions over and over again and ignoring the answers he had previously provided to other members of staff over the same chat.

Revolut considered Mr S's complaint but it didn't uphold it. It apologised for making Mr S feel harassed by the many questions he was being asked. It said that the additional checks were being done to ensure that Mr S wasn't being scammed. It said its investigation and its questions were in line with its legal and regulatory obligations as well as its terms and conditions which give it the right to carry out due diligence checks (CDD) as well as "know your customer" (KYC) checks.

Mr S wasn't happy with Revolut's response and brought his complaint to us. He said that he felt Revolut was looking for excuses to make sure he didn't move his money to an external account. He was also unhappy with Revolut's service. He felt harassed by having to send the same information including bank statements and selfies over and over again. He added that Revolut was charging him a monthly fee for his account while it was blocked which he didn't think was fair.

Revolut told us that Mr S successfully completed a new security check and the account was unblocked in October 2023.

One of our investigators reviewed the complaint and thought it should be upheld in part. He said there had been a delay in the review into Mr S's account being completed and thought Revolut should pay Mr S £100 compensation and also refund his account fee for September 2023. He didn't award interest due to the low amounts involved.

Revolut agreed with our investigator's recommendation but Mr S didn't. He said his complaint is mainly about the fact that the account was blocked for months despite the fact that he had already been allowed to transfer the majority of his funds out of the account. He reiterated that he felt harassed and that each time he tried to communicate with Revolut he was being asked for a selfie which he found difficult due to his age and his health. Mr S thought £500 compensation would be more appropriate for the distress he was caused.

Our investigator didn't change his view. He thought that Revolut was acting in line with its legal and regulatory obligations when requesting additional checks to be done even if Mr S was only transferring the money to his own account. Our investigator said Revolut would have seen similar scams where customers believed they were sending money to themselves but they weren't. Our investigator also said that as an electronic money institution Revolut does rely on electronic verification methods such as selfies and this is why Mr S was asked to provide those. Our investigator added that there was a difference between the statements Mr S sent to Revolut from his new account in July and in August 2023 and that the later statement contained more relevant information which would have helped Revolut proceed with unblocking the account. He wasn't minded to increase the compensation due to the low amount of funds left in the account. Our investigator noted that the majority of Mr S's funds were in another account and so this wouldn't have prevented him from proceeding with other investments and transactions.

Mr S then asked for an ombudsman's decision and the matter 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.

Timeline of events

Mr S was asked to do enhanced security checks when he initially tried to transfer the funds to his building society account on 14 July 2023. He was asked to provide a selfie and answer questions including the reason for the transfer, whether he'd been asked to transfer the money by someone else etc. He was also asked to provide a disclaimer that Revolut had warned him this could be a scam and that it was unlikely to be able to recover his funds.

Mr S said that Revolut's questions made him nervous so he asked it to stop the payment. A few hours later Mr S went back online and asked Revolut to proceed with the payment. Mr S said that a lot of his time had been wasted. He said that he had made a smaller transfer into his new account, in the meantime, and that it had gone through ok.

Revolut said the smaller payment was still pending and said it would need to carry out further checks before allowing it to go through. It then said that a larger payment for the

remaining funds, around £85,000, was pending and that the smaller payment had gone through. Mr S was asked for a selfie and after several attempts Revolut accepted it. Mr S was again asked the same security questions he had been asked before and which he'd responded to and he provided the same disclaimer. The payment then went through.

Mr S got in touch with Revolut again ten days later to ask why a £1 payment had been returned to him which he had tried to send to Revolut from another account. Revolut asked Mr S to go through the same security checks again including providing a selfie and answering security questions. Mr S complied with the request but said that a lot of his time was being wasted which was causing him stress. Mr S raised a complaint which Revolut said it had logged. Revolut also said that the account had been temporarily limited.

Two days later Mr S asked for an update regarding his complaint. He was asked to go through a security check again which involved providing a selfie and answering questions regarding the use of his account. Mr S was also asked for a bank statement for his external account to show that he had received the funds. Mr S responded a couple of days later and said he could provide a screenshot as it was too soon to obtain a statement for his new account. He said he felt harassed. Mr S provided screenshots over the following few days.

Revolut asked Mr S to show that he was able to withdraw funds from his new account. Mr S said he would incur a penalty if he withdrew funds and asked Revolut if it would pay it but it said it couldn't confirm this.

Mr S got in touch with Revolut again in the first week of August 2023 to ask for an update regarding his complaint. Mr S was asked to provide a selfie and answer security questions. Mr S complied but felt he was being asked to repeat answers he had already provided such as the purpose of the account, why he was moving his savings etc. Revolut asked for his building society statement again as it said the one previously provided didn't show it was for the right account. It said it still needed evidence that Mr S was able to withdraw funds.

Mr S provided a photograph of his statement a few days later. He also questioned why his account was restricted after the money left his account. Revolut said it still needed the relevant information on Mr S's statement. Mr S explained that the transfer was being done via another account so Revolut asked for a statement for the account that was used to do the top ups. Mr S shared a revised copy of his building society statement a few days later. Revolut said it wasn't able to unfreeze the account then and that it might take a few more days.

A few days after that Mr S got in touch with Revolut again and said that he had managed to withdraw funds from his building society account. He said he was ready to send the evidence requested. Revolut said it was looking into this. A day or so later it said that it believed that Mr S was being scammed.

Mr S responded a few days later and asked for his monthly plan charges to be returned to him. He said he was being charged £6.99 per month over the two months the account had been restricted. He added that he wanted his final response letter so he could bring his complaint to our service.

Revolut unblocked the account on 9 October 2023 after Mr S went through further security checks, provided a selfie and a disclaimer.

Revolut's actions

It might be helpful if I explain 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 banks and other 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.

I've also considered the basis for Revolut's review, which I find was legitimate and in line with its legal and regulatory obligations. 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 froze Mr S's account on this occasion.

Mr S said that Revolut allowed him to transfer a large amount of money out of his account and it was only after he did this that it decided to freeze his account. I take Mr S's point but Revolut can review an account at any time and it doesn't need to provide its reasons for doing so. So I don't think its actions were unfair or unreasonable in the circumstances, and for Mr S this actually meant that the impact was less than it would have been had Revolut restricted his account before he moved his funds to his new savings account.

Mr S said that he was asked for the same information over and over again as well as selfies which he found challenging due to his age and the fact that he suffers with anxiety. I set out the timeline of events already so I will not go through this again here. But I see that Mr S was asked for the same information a number of times as well as having to send a number of selfies which he clearly struggled with. I say this because the quality of the photographs wasn't always good and so he was asked to resubmit them. I don't think Revolut was acting unreasonably in asking Mr S to submit clear photographs, I think it needed to ensure that all the information was clearly visible. But I do see that Mr S had to send selfies almost each time he got in touch with Revolut after his account was restricted. I appreciate this would have seemed tedious and frustrating but as our investigator said, as an electronic money institution, Revolut relies heavily on technology when communicating with its customers including when it is verifying their identity. So I don't think it was unreasonable for Mr S to be asked to confirm his identity each time he started a new chat with Revolut or answer security questions. Revolut had to ensure it was speaking to the right person.

Revolut wanted to ensure that Mr S wasn't being scammed. And it wanted to ensure that even though Mr S was transferring his funds to his own account that he had full access to

that account and to his funds. I think this is fair and reasonable and in line with its legal and regulatory obligations. And I think it was therefore reasonable that it asked for Mr S's statements and wanted to ensure the account numbers all matched and that he had access to the funds even after they had been moved out of the Revolut account.

Having said the above, I do think Revolut could have done more to complete its review more quickly. Mr S's account was blocked between July and October 2023. I appreciate Revolut wanted to ensure that the account numbers matched, that Mr S had managed to withdraw funds from the new savings account etc, but I think this is something it could have done and therefore unblocked the account by August 2023. I say this because Mr S was able to provide an updated statement in August 2023 and around the same time he also confirmed that he had managed to withdraw funds and offered to send Revolut evidence of this. Had Revolut obtained and reviewed this evidence at that time, I think the account would have been unblocked by the end of August 2023. Furthermore, I couldn't see that Mr S provided any new information in October 2023 when the account was unblocked which I think means Revolut had all the information it needed before October 2023.

It follows that I think it should refund Mr S's account fee for September 2023 when he didn't have access to his account. As our investigator said the amount in Mr S's account was quite low and awarding interest for a month or so on such a low amount wouldn't have much meaning. And the same applies to the £6.99 fee. But I think Revolut should pay Mr S £100 for the distress and inconvenience it caused him by restricting his account for longer than it should have- by about a month. Mr S said he feels £500 would be more appropriate but that amount isn't in line with what we normally award in circumstances similar to these where the inconvenience lasted a matter of weeks and where the amounts restricted were small; something that wouldn't prevent the consumer from carrying on with their everyday lives.

I appreciate Mr S will be disappointed with my decision. He feels that he was put through an unnecessary amount of stress and inconvenience by Revolut. But as I said above I think Revolut's checks were justified. I also think that a significant part of Mr S's inconvenience stems from the fact that Revolut relies heavily on technology when communicating with its customers and isn't able to provide many alternative ways of communication. But this is the type of service that it and other similar institutions offer and not something we would interfere with.

My final decision

For the reasons above, I have decided to uphold this complaint. Revolut Ltd must pay Mr S £100 for the distress and inconvenience its delay caused him. It must also refund the £6.99 monthly fee he was charged for September 2023.

Revolut Ltd must pay the compensation within 28 days of the date on which we tell it Mr S accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Revolut Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr S how much it's taken off. It should also give Mr S a tax

deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 23 August 2024.

Anastasia Serdari
Ombudsman