

The complaint

U a limited company, complains Revolut Ltd unfairly restricted access to its account and closed its account.

U is represented on the complaint by a director – Mr A.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

U held a business account with Revolut which was opened in April 2023. In late June 2024 Revolut initiated a review of U's account. U's account was blocked, and Mr A was informed the account was being reviewing and he would be provided with more information once this was complete.

Revolut's review led to its decision to close U's account. The funds in the account were withheld as Revolut needed to carry out further checks. These were completed at the end of July 2024 and the account balance was returned to U.

During this time Mr A raised a formal complaint about the handing of U's account. Mr A explained the block and closure had a detrimental impact on U's ability to function and make payments. Mr A said Revolut's actions had caused him a significant amount of stress and inconvenience. Revolut reviewed the concerns raised by Mr A and explained the review was part of its wider regulatory duties, and the account terms allow it to review and block accounts when necessary.

Mr A remained unhappy and referred his complaint to our service. An Investigator reviewed Mr A's concerns, and in summary, found the following:

- Revolut is entitled to conduct reviews on accounts without giving a customer reasons or an explanation. This is to ensure it meets its legal and regulatory duties.
- The details of the police investigation Mr A has referred to isn't something this service can comment on.
- Revolut accepts that it could've provided a better service to U when it conducted its review. The £100 offer of compensation fairly reflects this issue.
- The account was closed in line with the account terms and conditions.

Mr A remained unhappy and asked for U's complaint to be reviewed by an ombudsman.

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.

Although this complaint is regarding U, I can see it has caused Mr A, a director of U, a great deal of stress and worry. Although I may not comment on each and every point he's raised, this doesn't mean I have not read and considered everything he's provided. Instead, I have

focussed on what I consider to be the key points. This is not intended as a discourtesy. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I'll start by setting out some context for the review of U's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In U's case I'm satisfied Revolut was complying with these obligations when they reviewed its account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr A, but I'd like to reassure him that I have considered everything he and Revolut have said before reaching my decision.

Based on the information disclosed by Revolut I'm satisfied it acted fairly by blocking U's account and had no obligation to tell him the basis of its concern or forewarn him of its intention.

U's account terms and conditions also allow Revolut to block the account to ensure it's able to comply with its regulatory requirements. I understand Mr A's frustration with the block, and I don't doubt it would've had a detrimental impact on him and his business. I've looked at the reasons Revolut placed blocks on the account, and I'm satisfied Revolut acted in line with its obligations and acted both fairly and reasonably. So, I don't think Revolut did anything wrong when restricting the account.

Revolut's review of U's account led to its ultimate decision to close the account. Revolut is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Revolut should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Based on the evidence that's been provided to me in confidence I'm satisfied Revolut closed U's account fairly, and I can't see it made this decision based on an improper reason.

The terms and conditions of U's account set out that the bank can close the account by providing 60 days' notice. In certain circumstances, it can also close the account immediately. In this case Revolut blocked U's account, so I consider this to be akin to an immediate closure. For Revolut to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, I'm satisfied that Revolut did.

As part of his submissions to this service Mr A has provided details of the police review that was carried on U. Mr A says Revolut informed the police that the funds held within its account for U were suspicious. Mr A has provided the correspondence between himself and the police, which ultimately result in the police reaching the view the funds have been derived legitimately, and no further action was taken. I appreciate Mr A's concern that the police review was prompted by Revolut, but as explained above, Revolut's legal obligations mean it will need to conduct investigations and share information with other authorities, such

as the police. So although I appreciate the concern this police review caused Mr A, I don't find it was unfair for Revolut to comply with its legal duties in flagging U's account.

Mr A says the police review could've been avoided if Revolut had asked him directly about the account activity and source of funds. I appreciate Mr A's point here, and I do think Revolut could've contacted Mr A directly regarding some of its concerns with U's account. But I can also see, based on the information provided to this service in confidence, that Revolut's concerns met the necessary requirements for it to block, and then close Mr A's account.

I've gone on to consider the impact Revolut handling of the account had on U. Mr A has provided submissions on the financial impact and stress the matter caused him. Firstly, as this complaint is brought by U, I must consider the impact Revolut's actions had on it. I appreciate Mr A is a director of U, but I am unable to consider the impact on him in a personal capacity. With that in mind, I acknowledge the review, and closure will have undoubtedly had an impact on U.

Revolut accepts that the service provided whilst it blocked and then closed the account could've been of a higher standard. Specifically, it says the review should've been completed sooner than it was. Revolut has offered U compensation of £100 to in recognition of this. Mr A says more compensation is needed given the impact Revolut's actions had on him.

Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In this case I'm satisfied the £100 adequately recognises the impact on U.

I know this will not be the outcome Mr A was hoping for, and he will be disappointed with the decision I've reached. But I hope my decision provides some clarity around why I won't be asking Revolut to take any further action.

Putting things right

Revolut Ltd should pay U £100 in compensation for the delays U experienced when its account was reviewed.

My final decision

I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask U to accept or reject my decision before 13 June 2025.

Chandni Green
Ombudsman