

The complaint

X complains Revolut Ltd unfairly blocked and then closed his account. He is also unhappy that Revolut liquidated his investments and later sent funds back to the sending bank. He wants compensation for his financial losses, and the trouble and upset this caused him.

What happened

X had an account with Revolut which he opened in January 2023.

In May and June 2024, X made five payments totalling £15,917 from an account he held with another bank, which I will refer to as bank B, into his Revolut account. X then converted the funds into cryptocurrency.

Later in August 2024, Revolut received a scam report from Bank B along with an indemnity requesting these funds back. Bank B's customer said they had been the victim of fraud and had sent funds to X. So, Revolut restricted access to X's account to review the claim and his account activities. It sent him notice on 24 August 2024, to advise its review would take up to 23 days to complete.

Revolut declined X's offers to provide documents to help with its enquiry. Revolut then proceeded to liquidate X's cryptocurrency back into GBP and on 2 September it sent £15,917 to bank B so that it could be returned to the victim of the scam.

X believed he had fallen victim to a scam when Revolut began liquidating and moving money out of his account without his consent. He contacted Revolut seeking an explanation but wasn't given much information. So, he reconverted the funds back into cryptocurrency. However, Revolut converted the funds back into GBP as part of its closure process.

A few days later 5 September, bank B contacted Revolut to withdraw its scam claim. It also advised it would be returning the £15,917 to Revolut. Evidence provided by bank B shows it returned the funds to Revolut on 5 September 2024.

On 30 September 2024, X was contacted by the Police to answer questions regarding his financial transactions. After responding to provide the Police with the evidence it'd asked, the Police wrote to X on 10 October 2024 to advise it had no interest in the funds held in his Revolut account.

Following its review Revolut notified X on 24 October 2024 that was it closing his account, and it asked him to withdraw his remaining funds which it had liquidated by 23 December 2024.

X complained to Revolut. He said he hadn't done anything wrong and had made repeated attempts to offer Revolut information about his account activity. He said Revolut hadn't communicated with him about what it was doing and shouldn't have liquidated all his assets. X says as a result he has lost the equivalent of around £30,000. He said Revolut should

have only liquated crypto assets to the value of the funds it returned to bank B. X also asked Revolut to give him back the money it sent to bank B. And to pay him compensation. In response, Revolut said it had reviewed X's account and had closed his account in line with the terms and conditions. Revolut also said it hadn't done anything wrong when it had sent some of the money paid into X's account to bank B.

X remained unhappy and brought his complaint to our service. He said due to Revolut's actions he was not out of pocket. He also said he had to cancel obtaining a mortgage due to not having access to the funds in his Revolut account, which he'd intended to use as a deposit.

X also said that his reputation had been damaged as he'd been interviewed by the police and he'd suffered a serious health issue affecting his eye, which he believes had been bought on by the stress of Revolut's actions. And that he believes Revolut have discriminated against him based on his surname. Overall, to put things right X is seeking around £113,000 compensation.

One of our investigators looked into X's complaint. They didn't think Revolut had acted unfairly when it had sent funds back to bank B. However, they said Revolut should have given X more notice that it had decided to close his account. And should have communicated with him better when X offered to provide Revolut with information about the activity on his account.

To put things right the investigator said Revolut should return the £15,917 back to X together with 8% simple interest from 5 September 2024 to the date it returns the money to X. The investigator also said Revolut should pay X £300 for the trouble and upset the matter had caused him.

Revolut agreed with the investigator's recommendations. X disagreed. In summary he said:

- Between 14 February 2024 and 23 February 2024, approximately £131,000 was transferred from his individual account to his joint account with his wife.
- This £130,000 was transferred from his joint account to his Revolut bank account between 1 May 2024 and 1 August 2024.
- The money received in his Revolut bank account was then converted to different cryptocurrencies on the crypto exchange on Revolut bank account.
- The consolidated statement of cryptocurrency transactions total net loss of \$38,432.23 (equivalent to £31,116) and an opportunity loss of over £50,000. This loss occurred due to the unfair and professionally negligent way of liquidating his assets by Revolut Bank based on a proven scam report, which was later reported as false.
- Revolut did not liquidate only the required amount, resulting in a severe financial loss of £31,116 (equivalent to \$38,432.23).
- He believes Revolut's actions warrant more substantial compensation for the harm caused.
- He wants the restoration of his assets to their pre-review status as of 24th August 2024.
- He believes the bank's insurance (Revolut and bank B) should cover his losses due to unjustified actions taken by Revolut regarding a scam report from Starling that later proved wrong.

As no agreement could be reached the matter has come 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.

I appreciate X was disappointed by the investigator's opinion and I can see that he has provided a detailed response to what she said about his complaint. I'd like to reassure X that I've considered the whole file and what's he's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No courtesy is intended by me in taking this approach.

Account review and delay in releasing of funds sent to bank B

I'll start by setting out some context for why Revolut reviewed X's account. Revolut are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

Fraud is a serious matter, and one-way financial businesses and banks can help to tackle fraudulent payments by restricting accounts when allegedly fraudulent payments are received into them. And that's what happened here. I should also add that Revolut is not required to prove beyond reasonable doubt that X is guilty of a fraud of financial crime before it decided to block his account and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Revolut to block X's account. Revolut has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Revolut were complying with its legal and regulatory obligations. Doing so also enabled Revolut to consider how best to react to the information, it had received from the sending bank about the money that had been paid into X's account. So, whilst I accept, Revolut's actions caused X inconvenience and upset when it blocked his account, I can't say it did anything wrong and treated him unfairly in doing so.

I appreciate Revolut didn't give X much information about the review – but they don't have to. As part of their review, Revolut made the decision to return the money in X's account to the original source – bank B. I haven't seen any evidence to show that Revolut asked X much about the money in the account or where it came from; but based on the information Revolut has shared with our service, I don't think it would have made a difference overall. I say that because Revolut has explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the information it had received from the sending bank about the money paid into X's account. Having reviewed everything I'm satisfied Revolut acted reasonably in returning the funds to source at the time, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. I acknowledge that bank B withdrew its fraud claim and I note too that X was interviewed by the police about the activity on his Revolut accounts and his entitlement to the money that was sent back to bank B. X was completely exonerated of any wrongdoing. But all this only occurred after Revolut had sent the money back to bank B.

I do appreciate returning the money to the bank B would have left X in a difficult position – X didn't have access to the money when he feels he should have. But based on the circumstances, I can't fairly conclude Revolut acted inappropriately. So, I can't uphold the complaint on this point. However, based on the evidence, I'm satisfied that it's not in dispute that X is entitled to the funds sent back to bank B. I note too that bank B agrees with this position and has returned the funds to Revolut on 5 September 2024. It's not clear to me

why Revolut hasn't yet returned the money to X, so I'm not persuaded Revolut has been reasonable here. And I'm satisfied that X has been deprived of his funds for longer than necessary.

To put things right Revolut should return the £15,917 to X and pay 8% simple interest per annum from 5 September 2024 to the date the funds are returned to X. I'm satisfied this is fair and reasonable.

Closure of account

The terms and conditions of the account, which Revolut and X 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 X 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 X feels strongly that had Revolut relied on the information he'd provided a few weeks before for his 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 X feels this is an integral and critical issue. Having carefully reviewed all the communication Revolut had with X, 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 X he needed to send this information. I also can see why not being told Revolut had liquidated his assets as part of the account review, is at best, frustrating. So, I can see why X feels so strongly about this too.

The reason I say this is because X isn't being unreasonable in offering Revolut more information to assist Revolut with its review. He'd already sent it this information. From his point of view, he was trying to be helpful and to his best to demonstrate he was entitled to the money in his account. So, I think Revolut could have done more here to acquire this information internally. This in turn would have prevented some inconvenience to X.

I'm persuaded Revolut provided poor communication and didn't act reasonably enough to garner the information it wanted from X. So, I think it needs to compensate X for this.

However, Revolut has provided me evidence, and its reasons, for restricting and closing X'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 reopen X's account.

Liquidation of Cryptocurrency

The terms also explain that when an account is closed any remaining investments will be liquidated and the funds returned to X. From reviewing the statements of the electronic money account, I can see that the investments were liquidated at this time and the values added to the balance in GBP. So, I don't see that Revolut have been unreasonable here.

Clause 18 of the terms and conditions of the account X agreed to say:

"If we terminate your access to our crypto services, you will be asked to sell all of your crypto asset holdings with Revolut by a specified date. If you do not do so, you agree that we may, and instruct us to, sell all of your crypto asset holdings on your behalf, according to the exchange rate at the time and subject to applicable fees. We will place the proceeds of the sale in your Revolut account."

I've already said that Revolut acted in line with its terms when it decided to close X's account. So given what the terms say, I don't think Revolut did anything wrong when it liquidated X's assets. I note what X 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. I am also satisfied that Revolut provided the equivalent GBP at the time it converted X's assets.

X says he should be given the opportunity to recover the loss he's incurred on the value of his crypto assets prior to Revolut liquidating them. But Revolut doesn't operate in this way – and this again was made clear in its terms. Revolut don't have to allow X to transfer his crypto assets to another provider either. X 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. So, I won't be asking Revolut to compensate X for any losses he says he has incurred.

Putting things right

X has explained that he is seeking more compensation to resolve his complaint. X has said that he wasn't able to go ahead with a mortgage application, and his health was impacted by Revolut's actions. He has provided copies of his mortgage in principle to support this position. I've looked at these and having done so I'm not satisfied that I can hold Revolut responsible for him not going ahead with the mortgage. I also haven't seen enough evidence that would show X's health issue with his eye was directly related to actions of Revolut.

Having looked at the circumstances of this complaint and what X has said about how the matter has impacted him; I consider the level of compensation suggested by the investigator is fair for the distress and inconvenience X was caused. Refunding X, the £15,917 puts X back in the position he would have been in had Revolut not sent the money back to source. So, he's not lost out financially. I think adding interest to the amount they refund fairly compensates him for the loss of use of this money. So, I won't be increasing the level of compensation.

As I've said and explained above, I don't think Revolut has done anything wrong in restricting and closing X's account in the way it has. I note X 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 X for this.

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

In reaching this conclusion I should explain that our awards are designed to reflect the actual loss, trouble, and upset caused to the consumer by something a financial business did wrong. We are not here to punish financial businesses. Nor can we award compensation as

a means of punishing a business for a consumer bringing their complaint to this service.

My final decision

My final decision is that I partly uphold X's complaint. To put things right Revolut Ltd should:

- Refund X £15,917 (the funds returned to Revolut from bank B)
- Pay X simple interest at the rate of 8% simple per annum on £15,917 from 5 September 2024 until the date of refund*
- Pay X £300 for the trouble and upset this matter has caused him.

*If Revolut Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell X how much it's taken off. It should also give X 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 X to accept or reject my decision before 18 December 2025.

Sharon Kerrison
Ombudsman