

The complaint

G, a limited company, complain that Revolut restricted and then closed their business account. They are unhappy payments were returned to the senders without their knowledge.

What happened

G held a Revolut account, which was used to receive payments through Open Banking. But on 8 August 2022 Revolut restricted the use of the account and prevented any further transactions. When G contacted Revolut on 16 August they were told the account was under review, and a payer had requested a return of funds.

Revolut took the decision to close the account with no further notice, and let G know on 30 August. They returned £235.96 to the original senders, and let G withdraw the remaining balance.

G complained that 136 payments received via open banking between 8 August and the closure had also been returned to the senders. Revolut responded to say that during the block the inbound payments had been immediately reverted, so had never credited the account.

Unhappy with this, G referred their complaint to our service. One of our investigators looked into what happened. They thought it was reasonable for Revolut to review and subsequently close G's account. But they weren't persuaded it was fair for the payments into the account during the block to be reverted. They asked Revolut to refund these transactions to G.

This was accepted by G. But Revolut didn't agree, saying they had acted in line with the terms of their account. They asked for an ombudsman to review the case, and as such the case was passed to me to decide.

Upon review I reached a different outcome to the investigator – and issued a provisional decision that said the following:

Account review and block

Revolut, like all regulated financial firms in the UK have legal and regulatory obligations to meet when providing accounts to their customers. These obligations include a duty to monitor accounts, and understand how they are being used, to better combat issues such as financial distress and financial crime.

These obligations mean, that on occasion Revolut may need to carry out a review into an account's activity, or specific payments. And they may decide it's necessary to restrict an account and prevent payments in or out of it while they do so. And in this case Revolut have said they did not allow payments to credit G's account, and they were reverted to source. This is in line with common industry practice, and there is provision for it within the terms of G's account with Revolut.

There's no specific obligation on Revolut to inform what has prompted a review – and in this case they've declined to provide one. The rules of our service allow us to receive certain evidence in confidence – for example if it contains information on security procedures, or on third parties. Revolut have supplied their reasoning for the restriction to our service, and I consider it appropriate for it to remain confidential. So, I'm not going to detail it in full here. But I'm minded that Revolut's review, and the restrictions placed on G's account, were reasonable and in line with their wider legal and regulatory obligations.

G have argued that Revolut should have credited their account with the payments made into it during the review period, as their business model relies on receiving these payments. They've also argued that such payments shouldn't be reversable. Revolut have in turn said that the payments were all rejected at the time they were received, and never credited the account.

I appreciate that G was reliant on the Open Banking services offered by the Revolut account. But I've not seen anything to suggest they've entered into any commercial agreement with Revolut beyond the standard terms of the account.

As mentioned above, it's not unusual when an account is under review for the account provider to prevent any further transactions. This can include returning payments received after the block was applied to the original sender. I'm persuaded based on their internal notes and communication with other banks that Revolut started their review on 8 August 2022. I don't see it as unreasonable they declined to credit G's account with any inbound payments after this date. And I'm not persuaded that it would be reasonable for Revolut to make these funds available to G now.

But even if Revolut don't wish to discuss the reasons for the review with G, I would consider it good practice for them to let G know that payments were likely to be returned to the senders. The terms of the account say they will inform the customer of any block either before or as soon as possible after. But I haven't seen anything to suggest this was explained clearly to G at the time the review began. Had they done so, G may have been able to make alternative arrangements, which would have lessened any disruption to them.

Account closure

The ultimate outcome of the review was that Revolut decided to close the account and return four payments received prior to the block to the original senders. It would be up to Revolut who they supply accounts to and on what terms – this is a matter of their own commercial discretion, and not something our service would usually interfere with. Instead, we look to make sure they have acted in line with the terms of the account when ending the relationship.

Revolut can close an account for any reason so long as they give appropriate notice. The terms of the account at the time don't specify a time – just that they will give a reasonable amount of time to transfer funds. But in this case Revolut gave no notice before closure. And in any event the account had been blocked for several weeks prior to the decision to close. The terms only allow for an immediate closure in exceptional circumstances, and list various examples of this.

Having considered everything, I'm not persuaded that Revolut have demonstrated this was a truly exceptional circumstance, such that an immediate closure was reasonable. I'm not persuaded G has been treated fairly in doing so.

Funds returned to source

There were payments totalling £235.96 returned to the sending banks. I've reviewed the Revolut terms in place at the time and there doesn't appear to be a term that gives them the authority to unilaterally remove funds, even if they are reported as fraudulent.

While I can see the sending banks issued indemnities for these amounts, there are expectations that the receiving bank carry out a degree of investigation to ascertain whether the recipient may have a legitimate claim to the funds. In this case, I've not seen that G were given an opportunity to explain the nature of these payments or make any credible claim to them. So, I'm not minded that it was reasonable that Revolut decided to return these funds to the sending banks.

Putting things right

There's always likely to be a degree of disruption when an account is being reviewed, but I would expect the financial firm to try and keep this disruption to a minimum. While I'm satisfied that Revolut were within their rights to review and subsequently end their relationship with G, I'm not persuaded that the level of communication and explanation provided to G was reasonable and will have caused G more disruption than necessary. On that basis, I see that a degree of compensation would be reasonable.

To put things right I'm minded Revolut should:

- *Pay G £200 compensation.*
- *Refund the £235.96 returned to the sending banks.*
- *Add 8% simple interest per annum to this refund from 9 August 2022 to the date of settlement.*

Revolut didn't respond before the deadline set. G responded to say that Revolut had deleted the payments received into their account from the bank statements after the fact. They felt Revolut had failed in their anti-money laundering processes and should not be held accountable.

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.

Having rereviewed the evidence and considered the further representations by G, I remain satisfied with the conclusions reached in the provisional decision.

In their response G said that my background summary of the complaint was high-level – which is correct and intended to reflect our service's role as an informal alternative to the courts. But I have considered the points raised by both parties carefully. If I don't mention something in detail, it's not because I haven't given it thought. But rather that I do not see that I need to in order to reach a fair and reasonable outcome.

It was reasonable of Revolut to block G's account, and this was in line with both the terms, and their wider legal and regulatory obligations. And this block would allow them to reject payments into the account – as they've described "reverting" them.

The key point of contention is over the payments that were made after 8 August 2023. Revolut say these were reverted and has supplied a bank statement showing this. G has argued that these payments were received, and later removed from the statements by Revolut – and they have provided a statement showing the funds being reverted at the point of closure. So obviously there is a contradiction here.

But I'm not going to rely solely on either set of statements. As I outlined in the provisional decision there is evidence in Revolut's internal notes, and in communication with third parties, that Revolut began the review of G's account on 8 August 2023. I also note neither statement shows account activity, such as G making use of any funds received, after this date. I see it's more likely than not that the account review began on 8 August 2023, and it is reasonable for Revolut to decline to credit G's account with any transactions after this date.

But I'm satisfied that Revolut should have been clearer on this point, as the terms say they will. Had they done so G may have been able to make alternative arrangements. On that basis I'm satisfied that compensation would be appropriate.

I remain satisfied that the decision to close the account was reasonable, but the period of notice given was not. I'm satisfied this will have caused more inconvenience to the operation of G's business than necessary. I've considered the impact of this, and of the other errors committed by Revolut when awarding compensation – and I see that £200 is a fair amount.

The position on the £256.96 returned to the sending banks hasn't been commented on. I still can't see that Revolut have justified the returning of these funds, nor have I seen a term within the terms and conditions that would allow them to do so. So, it would be reasonable for Revolut to refund these to G, along with 8% statutory interest from the date of the account closure to the date of settlement.

My final decision

My final decision is that I uphold this complaint and direct Revolut Ltd to:

- Pay G £200 compensation.
- Refund the £235.96 returned to the sending banks to G.
- Add 8% simple interest per annum to this refund from 9 August 2022 to the date of settlement.

If Revolut considers that it's required by HMRC to deduct tax from the interest amount, then it should let G know how much has been deducted. They should also provide a certificate showing the deduction, should G require one to reclaim this tax from HMRC.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 26 March 2025.

Thom Bennett
Ombudsman