

The complaint

A company I'll call P complains that Revolut Limited (Revolut) blocked its account, then applied a reserve meaning 35% of each transaction into R's account would be held for 60 days before release.

P is represented by its director, Mr L.

What happened

On 28 February 2025, Revolut blocked P's account, while it carried out a review. It finished its review on 5 March 2025, at which point it release the block and applied a 35% reserve to the account. This meant that 35% of all transactions into the account would be retained by Revolut for 60 days, before being released to P.

Mr L discovered the block on 1 March 2025, when he tried to withdraw money from P's account. H said Revolut wouldn't tell him why it had blocked P's account, and he made a formal complaint on 2 March 2025. Revolut issued its reply on 20 March 2025, explaining that the reserve had been applied in line with its terms of business and based on an assessment of the risk posed by the transactions on P's account. It apologised for the inconvenience caused, but it didn't uphold his complaint.

Mr L didn't accept Revolut's outcome, so he brought his complaint to our service. Our Investigator looked into the complaint and made enquiries of both parties to establish whether or not Revolut had acted fairly. Having done so, he decided that it had done. He felt the reserve had been applied in line with Revolut's terms of business, and he didn't think Revolut needed to give advance notice of its decision.

Mr L didn't accept our Investigator's findings. He remained unhappy that Revolut hadn't given him prior warning or explained the reasons for its decision sooner. He didn't consider his business to be high risk, and he felt the reserve had had a disproportionate impact on P. He asked for an Ombudsman to review the matter afresh.

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.

All banks in the UK are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. That sometimes means they need to restrict customers' accounts while they carry out a review. The circumstances in which a bank must take such actions are fluid and may change at any given time depending on various factors. Given the nature of these obligations, banks don't generally forewarn customers of their intentions to block an account, and they don't typically explain why they have done so.

Revolut has shared the reasons for the block to our service, and I'm satisfied it acted reasonably in applying the block. Because that information was provided to our service in confidence (as is permitted by our rules), I won't share it with Mr L. But I can assure him that

I have considered it in my role as an independent third party, and that I have seen nothing unusual or that I wouldn't expect to see in circumstances such as these.

I appreciate Mr L was frustrated that Revolut didn't explain what had happened until later, but I won't ask Revolut to pay compensation in that regard. Ultimately, had Revolut set out what it had done in full when Mr L first asked, P would still have been in the same position of having its account blocked and a 35% reserve applied. And while I recognised Mr L would have been frustrated at being kept in the dark, he is not Revolut's customer here: P is. And given that P is a limited company, it can't experience distress, so I don't consider it would be appropriate to make an award here.

Ultimately, it was the reserve that caused the most significant issues here, not Revolut's lack of explanation. And I've set out below why Revolut was entitled to apply the reserve.

Revolut has again shared its rationale for applying the reserve with our service in confidence, and I have reviewed the information it has provided in line with the standards I would expect to see. Revolut has told Mr L it made a risk-based decision, and it has explained to our service why it applied the reserve, why it chose 35% and why it chose 60 days. While I can't disclose the full details to Mr L, this all boils down to Revolut's appetite for risk, given the nature of P's business. I appreciate Mr L doesn't consider his business to be high risk, but it is for Revolut to determine its appetite for risk, and to determine what measures it wishes to take in order to mitigate those risks.

That doesn't mean Revolut has carte blanche, and if I wasn't satisfied Revolut had acted reasonably in applying the reserve, I would tell it to remove or alter the same. However, having reviewed the evidence and information Revolut has provided our service, and having considered its rationale, I'm not persuaded it has treated P unfairly here.

That doesn't mean I consider P's business to be high risk: that is not a determination I am making. It's just that I consider Revolut has acted reasonably in assessing the risk it considers to be present, and in applying its commercial discretion to take appropriate actions, which are allowed for in its terms of business, which in turn P agreed to on opening the account. And while I don't doubt the block and subsequent reserve impacted P's business, I am satisfied that Revolut was entitled to take those actions, so it wouldn't be appropriate for me to tell it to remove the reserve, or to pay compensation for any losses P suffered as a result.

My final decision

For the reasons I've set out above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 23 February 2026.

Alex Brooke-Smith
Ombudsman