

Complaint

Mr P complains that Revolut Ltd blocked and subsequently closed his account. He would like the money which was left in the account transferred to him.

Background

In March 2019, Revolut reviewed Mr P's account. While they carried out their review, Mr P's account was blocked. He was made aware of the block through Revolut's messaging service.

Mr P tried to get in touch with Revolut to find out why his account was blocked and when he'd be able to access it. But Revolut didn't give him this information. Mr P complained.

Revolut responded to Mr P's complaint and explained that they sometimes must carry out reviews and they're not obliged to tell Mr P the reason why. They also confirmed the review was ongoing so Mr P wouldn't be able to access his account or the money in it.

In October 2019, Revolut decided to end their relationship with Mr P following their review. Revolut returned the money which was left in Mr P's account to the original sender of the funds instead of Mr P.

The investigator who considered Mr P's complaint thought Revolut were entitled to review and subsequently close the account. And while he agreed Revolut could return the money which was left in the account to the original source, he thought Revolut should have given some of the money left in the account back to Mr P under Clayton's rule. The investigator thought Revolut should have refunded €209 to Mr P directly – and he also asked them to pay £50 compensation for their error.

Both Mr P and Revolut disagreed with the investigator. Mr P wanted all the money which was left in the account returned to him. And Revolut didn't think Mr P was entitled to any of it.

As an agreement couldn't be reached, the complaint has been passed to me to review.

I issued a provisional decision in December 2020. In it I said;

The review, block and closure

I've considered Revolut's actions when reviewing and subsequently closing Mr P's account. Revolut are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Based on what I've seen, I'm satisfied Revolut were acting in line with these obligations when reviewing, and subsequently closing, Mr P's account.

I recognise Mr P would like to know the reasons why Revolut took the actions they did. But they aren't obliged to give an explanation when they review or block an account. However, I'd like to reassure Mr P that based on the evidence I've seen, I'm satisfied Revolut acted appropriately in the circumstances.

Under the terms of the account Mr P held, Revolut are entitled to end the relationship. I'm pleased to see they notified Mr P of their decision. I'm also aware Mr P asked Revolut to close the account too so I'm satisfied both parties are content with this decision.

I've thought about how long Revolut's review took. And I appreciate it took just over six months. While we wouldn't expect a business to carry out a review in certain time, we must be satisfied they haven't caused any unnecessary delays. Revolut have shared information in relation to their review and based on this evidence I've received, I'm satisfied they didn't cause any undue delays. Therefore, while I appreciate Mr P went a long time without knowing what was happening with his account, or the money held in there, I think Revolut took appropriate actions based on the circumstances of this complaint.

Return of the funds

On closing the account, Revolut decided to return the money in the account to the original source instead of Mr P. I appreciate Mr P wants the money back directly, so I've considered this point in great detail.

Our investigator felt that Clayton's rule should have been applied here. Clayton's rule, commonly known as the first in, first out rule, says that each withdrawal is presumed to be a return of all or part of the oldest deposit. The result therefore is that the oldest deposit is withdrawn first, or the oldest debt is paid first. Taking this into account, our investigator said the money left in Mr P's account when Revolut decided to close it, consisted of two different sources. And because the €209 didn't form part of the original payment, Revolut should return this amount to Mr P.

Revolut have provided a detailed response on this matter. They say that Clayton's rule doesn't always have to be followed, and they've set out reasons why they don't think it should be followed in Mr P's case.

I agree it might not always be appropriate for Clayton's rule to apply, and that there will be some scenarios whereby Clayton's rule would result in an outcome that is plainly unjust. Having considered the individual circumstances of Mr P's complaint, I'm minded to reach a different conclusion to the investigator – I don't think Clayton's rule should be followed.

I understand that Mr P is upset by Revolut's actions on returning the money to source – he thinks all the money in the account should be returned to him. However, I'm satisfied based on the evidence I've seen that Revolut are reasonable in their actions by returning the money to source. I'm sorry that Mr P finds himself in this situation, but I can't fairly say that Revolut should return the money to him. Of course, if Mr P is owed the money, I would urge him to contact the original sender of the funds – whom I assume he knows as they paid money into his Revolut account – and seek payment from them once Revolut has returned it.

Compensation

The investigator felt Revolut should pay Mr P £50 compensation for not returning the €209 to him. As I've found that Revolut were entitled to return the money to source, and not Mr P, I don't consider any compensation payment is due. And that's because I don't think Revolut have made an error.

Overall

Overall, I'm satisfied that Revolut were acting in line with their legal and regulatory obligations when reviewing and subsequently closing Mr P's account. And based on the evidence I've seen, I don't think it's unreasonable for Revolut to return the money left in

Mr P's account to the original source. It therefore follows that Revolut aren't required to pay Mr P any compensation.

So, in summary, I thought Revolut had acted fairly in the circumstances and I didn't think they needed to do anything differently.

Revolut didn't respond to my provisional decision with any further comments.

Mr P responded and didn't agree. In summary he said that he didn't think Revolut had the right to dispose of his money at their own discretion. And he didn't think there was a good reason to avoid the Clayton's rule. Mr P also asked for a statement detailing the transactions which were returned to source so he could locate the money directly. Mr P said due to the time which had passed, he isn't able to remember who sent him the funds originally.

My findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate Mr P's strong feeling about this complaint. And I'm sorry he hasn't been able to agree with my provisional decision. In order to follow Clayton's rule, I'd need to be satisfied that Mr P was entitled to the money left in the account when Revolut decided to close it. I appreciate the money in there was transferred into Mr P's account. However, based on the evidence I've seen, I'm satisfied Revolut have acted appropriately in the circumstances.

It's unfortunate Mr P isn't able to recall who sent him the money in order to ask for it back. I note he's asked for a statement of account showing the transactions made to him, and the transactions where Revolut returned the money to source. I've arranged for Revolut to send Mr P a full statement of account so he can hopefully locate the payees.

Overall, I haven't seen any further evidence to satisfy me that Revolut have acted inappropriately. And therefore, I don't see any reason to depart from my provisional findings.

My final decision

For the reasons I've explained above and in my provisional decision, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 February 2021.

Hayley West
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