

complaint

Mr O complains that Revolut Limited (Revolut) blocked his account, then returned the funds in his account to their original sources, instead of to Mr O.

Mr O brings his complaint on behalf of his company, I Limited.

background

On 24 January 2019, Revolut blocked Mr O's account while it carried out a review. It completed its review on 20 February 2019 and decided to close Mr O's account without issuing any advance notice, and to return the funds in the account to the original sources. At the time, Mr O's account balance was £17,047 and €6,176.

Mr O complained but Revolut rejected his complaint. It said it had acted in accordance with its terms of business, but didn't give any further details. So, Mr O brought his complaint to our Service.

Our investigator looked at the complaint and thought Revolut was entitled to close Mr O's account, but didn't think it had treated him fairly when it returned the funds to source. She said the funds related to Bitcoin trades Mr O had made and noted that Revolut's actions meant he no longer had the Bitcoins or the money he had received in return for them. She said Revolut should return the funds to Mr O.

Revolut disagreed. It said it was up to Mr O to get his money back from his clients and that it had acted in accordance with standard industry operating procedures when it returned the funds to source.

On 4 December 2020, I issued a provisional decision. In it, I said:

"Account block

Having looked at the evidence Revolut has provided me with to justify its actions, I'm satisfied it acted in accordance with its legal and regulatory obligations when it blocked and reviewed Mr O's account. And that it was entitled to do so under the account terms and conditions. So, I can't reasonably say it treated Mr O unfairly by blocking his account.

However, my understanding of Mr O's complaint is that he is less concerned with the block itself, and more concerned with gaining access to his funds.

Access to funds

Before a bank releases funds held in a customer's account, it's entitled to carry out checks to ensure it's complying with its legal and regulatory obligations. And banks will follow their internal procedures before they release funds.

With that said, Revolut hasn't provided a satisfactory explanation, supported by evidence, as to why it returned the money in Mr O's account to the original sources, rather than releasing it to him. I accept there are times when it's appropriate for a bank to return funds to their original sources. But in order to decide whether or not that is the case, I would need to see appropriate evidence to support such a decision.

I understand why Revolut had concerns over the way Mr O was operating his account. But I

don't agree it treated Mr O fairly when it returned the money in his account to source. In order to justify such action, I would expect to see evidence to support its reasoning. While Revolut has explained its reasons to our Service, it hasn't been able to provide sufficient evidence to persuade me that its actions were fair and reasonable in the circumstances of this case.

I've seen nothing to suggest the people who sent money to Mr O's account had challenged the payments, or requested their money back before Revolut returned them. And I'm not persuaded Revolut had sufficient evidence to justify depriving Mr O of the funds in his account. If it did, it hasn't shared that evidence with our Service.

It's also not fair to say Mr O can recover the money from his clients. Mr O parted with the Bitcoins in return for payment, so now he's left in a position where he has nothing. I've seen evidence that Mr O has sought to recover the funds, but he has mostly been unsuccessful with the third parties unwilling to co-operate. And it's worth noting that none of the responses he received suggested he wasn't entitled to the money in the first place.

I've cross-referenced Mr O's bank statements against the payments Revolut returned, and I can't see that he has been successful in recovering any significant sums. Mr O says he recovered £2,476.41, and I haven't seen any evidence to suggest he was able to recover more.

For the reasons I've set out above, I'm minded to tell Revolut to pay Mr O an equivalent sum to the money it returned to senders, less the £2,476.41 Mr O recovered. That would be a total of £14,570.59 plus €6,176.

Mr O has said that he would have repaid a loan, had he had access to the funds in his Revolut account. And that he has therefore incurred interest as a result of Revolut's actions. But the loan agreement is in his partner's name and I haven't seen any evidence to support what he says about him being liable for the interest or the debt. So, I'm not minded to ask Revolut to cover any interest Mr O says he incurred."

I asked the parties to provide me with any further submissions or evidence by 4 January 2021. Neither party responded.

my findings

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

Because neither party to me provisional findings, I see no reason to change them. So, it follows that I uphold this complaint.

my final decision

For the reasons I've set out above, my final decision is that Revolut Limited must pay Mr O £14,570.59 plus €6,176.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 13 February 2021.

Alex Brooke-Smith
Ombudsman