

The complaint

Mr M complains about Revolut Ltd's decision to suspend, and subsequently deactivate his account. He says this caused him severe financial loss as he was without his money for around 18 months.

What happened

Mr M held an account with Revolut. In January 2020, Revolut suspended Mr M's account while they carried out a review. In May 2020, Revolut finalised their review and decided to end their banking relationship with Mr M. They returned the money left in Mr M's account back to the original source.

Mr M's external account, where the money was returned to, had closed. So the third-party bank sent the money back to Revolut on 23 May 2020. Due to internal issues, Revolut wasn't aware that Mr M's money had been returned to them. After further investigation, Revolut located Mr M's money on 24 April 2021 and it was returned to Mr M on 4 June 2021. Mr M says the time he went without his money caused him severe financial loss. Mr M liked to invest his money, but couldn't while he didn't have access to it, and estimated his loss at around 600,000 USD.

The investigator looked into Mr M's complaint and suggested Revolut pay 8% simple interest on Mr M's money from 23 May 2020 – when it was returned to Revolut from the third-party bank, to 4 June 2021 – when Revolut returned it to Mr M. While Revolut agreed to pay this, Mr M wanted the interest paid from January 2020 when his account was blocked and further compensation to recognise his loss.

The investigator sent her view and said that she was satisfied Revolut were entitled to review Mr M's account, so she didn't think it was reasonable for them to pay the 8% from January 2020. The investigator was also satisfied that Revolut's actions were fair in closing Mr M's account and returning the money to source. But she thought Revolut could have been more proactive in locating Mr M's money – so she thought paying 8% interest from the date the money was sent back to Revolut to the date they paid it to Mr M was fair.

Mr M didn't agree so the complaint has been passed to me to review.

In August 2021, I issued a provisional decision. In it, I said;

The account block and closure

Revolut are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They're also required to carry out ongoing monitoring of new and existing relationships. That sometimes means they need to restrict customers' accounts – either in full or partially while they carry out their review. Having looked at what's happened, I'm satisfied Revolut was complying with their legal and regulatory obligations when they reviewed Mr M's account in January 2020. So, I can't fairly say they've done anything wrong.

However, I've recognised the time the review took – from 30 January 2020 to 15 May 2020

when they decided to end the relationship with Mr M. While we wouldn't usually give a certain timeframe that a review should be completed in, I'd expect the review to take place in a timely manner without any undue delays. I haven't seen enough evidence to satisfy me that Revolut were proactive in their review. And therefore, I think Revolut could have carried out the review sooner. Because of that, I think they should pay Mr M £250 compensation to recognise this delay.

Banks sometimes choose to end their relationship with customers. This can be due to a number of reasons, and a bank isn't obliged to give a reason to the customer. Just the same as if Mr M decided to stop banking with Revolut, he wouldn't have to explain why. Revolut can only close accounts in certain circumstances and if it is in the terms and conditions of the account. Revolut have relied on the terms and conditions when closing Mr M's account. This service won't generally intervene in a bank's commercial discretion. Revolut exercised their right to no longer offer Mr M banking facilities and I've seen nothing to suggest that they've made an unfair decision. So, I can't fairly ask them to do anything differently on this part.

Mr M's money

When Revolut decided to close Mr M's account, they decided to return the money left in the account to source. I think it would have been more helpful if Revolut asked Mr M for proof of entitlement to these funds as part of their review. I say that because if they'd investigated Mr M's entitlement, they could have given the money back to him directly straight away rather than returning it to source. However, I recognise the original source was one of Mr M's accounts, so I don't think this makes much difference overall.

When Revolut returned the money to Mr M's external account, it bounced back to Revolut a few days later – on 23 May 2020. Mr M's external account had closed and therefore the third-party bank couldn't accept the money. Due to internal errors, Revolut didn't locate Mr M's money in their accounts until 24 April 2021. And they returned it to Mr M's account on 4 June 2021.

I don't think it's reasonable that Mr M was without his money for this period of time – especially as Revolut had access to the money from 23 May 2020. So, like our investigator, I think 8% simple interest should be paid on this amount. I've thought carefully about Mr M's comments in relation to paying the 8% simple interest from January 2020. I've explained above why I think Revolut were fair to suspend and review Mr M's account – and while I recognise there were delays with that, I think the compensation amount I've suggested covers that. Therefore, I think the appropriate date for Revolut to pay the interest from is when they had access to the money again – which was 23 May 2020, and they should pay this up until the date they gave the money back to Mr M – which was 4 June 2021.

While I consider the interest payment recognises the time Mr M was without his funds, I've thought about the impact this had on Mr M. Mr M didn't have access to his money for around 18 months. I don't doubt this would have been a really worrying and difficult time for him. I note Mr M says he wanted the money to invest – so I don't consider it had an impact on his basic day to day living, but I still recognise the distress caused.

It's not appropriate for me to ask Revolut to pay Mr M for his potential losses. I recognise Mr M has supplied documentation to show his potential losses, but these payments would have been investments – which pose a risk. And therefore, there isn't any guarantee that Mr M would have made the money he is claiming. But I do think the time Mr M went without his money would have had a significant impact on him. So, I think £500 compensation would be appropriate to recognise this distress and inconvenience.

So, overall I thought Revolut's actions in closing Mr M's account was fair, but I thought they'd caused unnecessary delays, And so I thought 8% simple interest should be added to the amount they transferred to Mr M, and I thought they should pay Mr M £750 compensation.

Mr M responded to my provisional decision and didn't agree. He said during the time he had his account he lost his job. And he thought it was easy to calculate what money he could have potentially had. Mr M said he wasn't happy with the 8% simple interest and thought Revolut should be held accountable for the pain and suffering they had caused.

Revolut responded and accepted my suggestions to settle the complaint.

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 done so, I still think Mr M's complaint should be upheld, and I consider the settlement suggested in my provisional decision is fair. I've explained further below.

Mr M has explained that he lost his job – no doubt this would have caused him severe distress. But to uphold his complaint on this point, I'd need to be satisfied that it was the fault of Revolut as to why he lost his job. I've seen no reasonable explanation to convince me that is the reason why and therefore I can't fairly hold Revolut responsible.

Mr M also thinks it is easy to calculate what money he could have had. But I explained in my provisional decision why it wouldn't be appropriate for me to ask Revolut to pay Mr M's potential losses. I recognise how strongly Mr M feels about this, but Mr M invested his money – and with any investment comes great risk. Therefore, I can't guarantee what Mr M would have invested in or when, and what the result of that investment would have been. So I won't be asking Revolut to pay Mr M the amount he thinks he could have had.

Mr M doesn't think 8% simple interest is enough to recognise his losses. But I consider this to be an appropriate amount to reflect the cost of Mr M being deprived of his money for the period of time which he was. This amount also reflects the current statutory interest rate on judgment debts and therefore, I consider it to be the fairest in the circumstances.

Putting things right

To put things right and to recognise the time Mr M was without his money, Revolut should pay 8% simple interest on the amount they transferred to Mr M. I also consider £750 compensation to be a fair reflection of the distress and inconvenience this overall situation caused.

My final decision

My final decision is that I uphold Mr M's complaint. Revolut Ltd should do the following to put things right:

- Calculate interest at 8% simple per year on the money they transferred to Mr M. They should calculate this from the date they reasonably could have transferred the money – 23 March 2020 – to the date they did pay it – 4 June 2021.
- HM Revenue & Customs requires Revolut Ltd to withhold income tax from the abovementioned interest. Revolut should give Mr M a certificate showing how much is taken off if Mr M asks for one.
- Pay Mr M a total of £750 compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 12 October 2021.

Hayley West
Ombudsman