

## **The complaint**

Company G (“G”) complains Revolut Ltd closed their merchant account without notice nor explanation, and it refunded customer payments causing them substantive financial loss.

## **What happened**

In February 2022, G opened a business account with Revolut which operationalised around 1 March 2022. G also opened a merchant account with Revolut around this time. This allowed G to accept online card payments from its customers.

In early March 2022, when first using the merchant services, G’s customers faced issues with putting their payments through. But a little later, G were able to use the service and they received around 70 payments from their customers.

A few days later, G’s merchant account was restricted and Revolut asked them to provide information relating to the payments it had received such as invoices or customer agreements. Revolut also asked G to send it details of its warehouse facility, rental agreement, and shipping procedures. G sent Revolut information it had requested.

After carrying out its review, Revolut decided to close G’s merchant account and all the payments made into it by their customers were refunded back to them.

Unhappy with Revolut’s actions, G complained. Revolut said certain aspects of G’s business didn’t conform to its policies. So it closed G’s merchant account, and their customer’s payments have been refunded. Revolut signposted G to the terms of the account.

G referred their complaint to this service. One of our Investigator’s looked into it, and in summary, they found:

- Revolut is entitled to close the account if it chooses to do so if it gives reasonable notice. Revolut closed the account immediately. However this was done in line with the terms and conditions of the account
- Revolut doesn’t need to give an explanation to G for its actions
- Under the terms of the account, Revolut acted appropriately when returning the funds back to G’s customers

G did not agree, they say it’s unfair payments made to them have been refunded when they’ve already sent the goods. So they argue they have suffered significant financial loss without reasonable justification.

As G don’t agree, their complaint has now been passed to me to decide.

## **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've decided to not uphold this complaint. I know this will disappoint G, so I'll explain why.

Financial businesses in the UK, like Revolut, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Revolut needs to restrict, or in some cases go as far as closing, customers' accounts.

Having looked at Revolut's reasons for restricting, and placing G's merchant account under review, I'm satisfied it's done so in line with its obligations.

Revolut is entitled to close an account just as a customer may close an account with it. But before Revolut closes an account, it must do so in a way, which complies with the terms and conditions of that account.

The terms and conditions of the merchant account, which Revolut and G had to comply with, say it could close the account by giving some notice – this is typically two months. But in certain circumstances it can close an account immediately or with less notice. The relevant term for business customers says:

*"We may close or suspend your account immediately, and end your access to our website, in exceptional circumstances. Exceptional circumstances include, for example the following:*

- *if we have good reason to suspect that you are behaving fraudulently or otherwise criminally;*
- *if you haven't given us (or someone acting on our behalf) any information we need, or we have good reason to believe that information you have provided is incorrect or not true;*
- *if you've broken these terms and conditions in a serious or persistent way (for example, if we discover that you're carrying out a business activity that you are not allowed to carry out while you have a Revolut account);*
- *we've asked you to repay money you owe us and you haven't done so within a reasonable time;*
- *we have good reason to believe that your use of the Revolut Dashboard and Revolut account could damage our reputation or goodwill;*
- *there's been a change in the beneficial ownership of more than 50% of the issued share capital of your business or a change in a person who holds legal power to manage your business;*
- *we have good reason to believe that you've disposed of significant business assets;*
- *we have good reason to believe that your use of the Revolut Dashboard is harmful to us or our software, systems or hardware;*
- *you are a sole trader and you die or you are a partner in a business and the partnership ends;*
- *there's been an important change in the type of business activities you carry out;*

- *you've been declared bankrupt or insolvent, are being wound up, or a similar event is taking place; or*
- *we have to do so under any law, regulation, court order or instructions of an ombudsman.*

*If we close your account in exceptional circumstances, you will only be able to exchange funds into your base currency and send money via external bank transfer before the account is closed. You will not be able to credit the account, make card payments, withdraw money at an ATM, or send money to other Revolut accounts. Any inbound payments will be rejected and returned to the sender"*

Having looked at the information given to me by Revolut, I'm satisfied it was entitled to close the account in the way that it has done. I know G would like an explanation why Revolut has taken the actions it has, but it is under no obligation to so.

This brings me onto the crux of G's complaint. That is, Revolut have not acted fairly by refunding around 70 payments to G's customers despite the goods being dispatched.

I can appreciate why G has taken this position. But G is a commercial enterprise, and as such the contracts and terms of agreement it enters are different to that of a private individual. This can also affect its rights given a private individual may be afforded different protections under law. Also, in broad terms, any business agreements G enters into are done so at their commercial discretion and risk. So there is a greater onus on them to have read the terms and conditions before entering into them.

The merchant account G had with Revolut is also subject to its 'Payment Processing Terms'. They say that *"If there is any inconsistency between the Revolut Business terms or the Pro Terms and these Terms, these Terms will apply in respect of the inconsistency"*. So, I'm satisfied that these terms are most applicable to G and its merchant account complaint.

These terms contain a provision which go onto say that *"we [Revolut] think your business is exposing us to an unacceptable risk, then we may immediately terminate or suspend your use of the Services, or refuse, refund, condition, or suspend the activities we think are in breach. We may also do this if we think you are trying to or are likely to do one of these things, even if you don't actually do it"*.

Based on the information Revolut has given me, I'm satisfied that it's applied its terms fairly in the circumstances of this complaint. So that means, I'm persuaded refunding the payments back to the source accounts was fair and reasonable. G entered a business relationship with Revolut, and by doing so accepted the terms of its account.

I'd like to assure G that I've very carefully considered their points here about losing the payments and the goods they were for. But for the reasons above, I don't think Revolut have done anything wrong.

Having looked at what's happened in this particular case, I can see no basis on which I might make an award against Revolut given I don't think it failed to properly follow its own procedures when it closed G's merchant account and returning the funds in it to source.

So I'm not going to ask Revolut to compensate G for any trouble this may have caused.

### **My final decision**

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 3 November 2023.

Ketan Nagla  
**Ombudsman**