

## **The complaint**

Mr C complains that three transfers into his Revolut Ltd (“Revolut”) account were reverted due to account restrictions while a source of funds (“SOF”) review was taking place. The transfers were funds he was trying to retrieve from a business that was failing. The business subsequently became insolvent and Mr C lost his money.

## **What happened**

Mr C held a Revolut account. On 14 September a SOF review was triggered by Revolut’s automated system. On 15 September, Revolut emailed Mr C about this saying that it will ask him a couple of questions about his source of funds and to submit some documents. The email further explained that the verification could be done on the app which would guide Mr C through the process.

Revolut also placed a permanent banner on its app regarding this. Further reminders were sent between 21 September and 4 October. Unfortunately, these emails were received into Mr C’s spam folder and Mr C failed to read them or respond.

On 12 October Revolut sent an email informing Mr C that certain restrictions had been placed on his account due to the ongoing review. Reminder emails were sent regarding this on 18 and 26 October.

On 12 October Mr C received a \$9,000 transfer into his Revolut account from an account in he held with a third party business. This transfer reverted back to the sender as a consequence of the restrictions applied to the account. This happened on two further transfers received on 3 and 7 November for the same reason.

Mr C got in touch with Revolut via its in-app chat about this on 9 November and the matter was escalated to its transfers team to investigate what could be done.

The following day Revolut’s financial crime team got in touch via its in-app chat to request the necessary SOF documentation and shortly after this the review was completed without the need to submit any documentation and the account restrictions lifted. Revolut confirmed this outcome through the chat with Mr C.

Unfortunately, by this point the business Mr C was trying to extract his funds from (and where the transfers had reverted back to) had become insolvent and he was no longer able to retrieve the reverted amounts and Mr C raised a complaint.

Revolut say that it acted in line with its terms and conditions and fairly in following the laws, regulations and its own processes when restricting the account while the review was ongoing and this wasn’t specifically connected to the transfers. It says a recall was initiated on 16 November to recover the reverted transfers but the receiving bank was unresponsive. Revolut has continued to send chasers to the business and the recovery process is still open.

Mr C was dissatisfied with this and brought his complaint to this service. Mr C wants Revolut to refund him the funds he lost through the reverted transfers.

One of our investigators looked into Mr C's concerns and reached the conclusion that Revolut hadn't made an error or treated Mr C unfairly. They thought Revolut acted within its terms and conditions and the stance that it took was reasonable considering the financial regulation and laws it was required to follow.

Mr C disagreed and has asked for an ombudsman's decision.

It should be noted that following bringing his complaint to this service Mr C raised further issues regarding Revolut's communications with him and Mr C's perceived failure of it to take timely action. As these complaint points weren't included in Mr C's original complaint and therefore not addressed in Revolut's final response, they haven't been investigated and don't form part of my final decision. But our investigator has provided Mr C with Revolut's response to these points and it is up to him whether he now wishes to take these complaint points further.

### **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.

It might be helpful for me to say here that, as we are not the regulator, I cannot make a business change its systems or processes – such as how or when it carries out its funding checks or when it deems it necessary to place restrictions on accounts. We offer an informal dispute resolution service and we have no regulatory or disciplinary role. And my role isn't to punish or penalise businesses for its performance or behaviour – that's the role of the regulator, in this case the Financial Conduct Authority.

My role is to look at the problems Mr C has experienced and see if Revolut has done anything wrong or treated him unfairly. If it has, I would seek – if possible - to put Mr C back in the position he would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

Mr C is unhappy that Revolut applied restrictions to his account which meant that transfers received in from an account he held with a failing business were reverted back. Revolut's terms and conditions which Mr C agreed to say it:

*"... might prevent you from making payments from your account or with your Revolut Card if we're reasonably concerned about its security or that it might be used fraudulently or without your permission. We might also have to block your account or Revolut Card to meet our legal obligations...." and*

*"We may... suspend your account immediately (including access to our trading, crypto, and precious metals services), and end your access to our website, in exceptional circumstances ...for example...if you haven't given us (or someone acting on our behalf) any information we need ...".*

Revolut have confirmed the SOF that led to restrictions being placed on Mr C's account was automated. In this case the timing was most unfortunate and has impacted Mr C greatly, but Revolut's terms and conditions allow it to do this. And Mr C was given by email what I consider reasonable notice and reminders of this, as well as Revolut placing a permanent banner on its app. The emails told him what was needed to do to satisfy the review and to complete before the restrictions were applied.

So I don't think Revolut made an error here or treated Mr C unfairly. I accept Mr C never read these emails due to them falling into his spam folder – but again I can't say that was due to an error made on Revolut's part.

Mr C says that the automatic application of the SOF was unfair and unfounded.

But I think it is normal practice for a business to put automated tools in place to help it meet its regulatory requirements – it simply wouldn't be practical for a business to manually assess and review each and every transaction made on a customers account.

So I don't think Revolut treated Mr C unfairly when its processes triggered an automated SOF when it did or when it put restrictions in place when it failed to receive the response required to complete the review.

I appreciate Mr C is unsatisfied with the reasons Revolut provided regarding why the SOF was requested. But as our investigator has already explained, to protect the security of its systems and to ensure it meets its legal obligations Revolut has to be careful about the information it shares about its processes as this information can be liable to abuse. But I can say that I'm satisfied that from the information I've seen that Revolut's automated SOF review wasn't triggered unreasonably based on the transactions on Mr C's account.

I sympathise with Mr C, as he is the victim of a failure of a business which he entrusted his money with. But ultimately Revolut had nothing to do with the business failure and by the time Mr C got in touch regarding the reverted transfers it was too late. Though I note as soon as Mr C got in touch about the transfers Revolut completed its review and lifted the restrictions within a day and is continuing to try and assist Mr C to recover his funds. I'm not sure what more Revolut could reasonably have done that would've changed the outcome.

So it follows that I'm not upholding Mr C's complaint as I don't think Revolute has made an error or treated Mr C unfairly.

### **My final decision**

For the reasons I've explained I've decided not to uphold Mr C's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 21 November 2023.

Caroline Davies  
**Ombudsman**