

## **The complaint**

Ms D complains that Revolut Ltd unfairly held on to her funds when closing her account. She'd like them to cover the costs to her business of this.

## **What happened**

Ms D had an electronic money account with Revolut. In May 2023 she found that a transaction she was expecting into the account had been reverted. She contacted Revolut but was told the account was under review and there should be an update within 14 business days. She was later told her account was restricted, and she was unable to make any further payments.

Unhappy with this Ms D raised a complaint, but was told the review was ongoing, but Revolut refunded five months of their premium subscription fees. Ms D sent Revolut evidence that the funds in her account were needed for the running of her business. In July 2023 they then wrote to her and said they'd be closing her account with immediate effect. The remaining funds were released on 18 July 2023.

Ms D referred her complaint to our service. At this point Revolut accepted the review had gone on longer than necessary and made an offer of £100 compensation. But our investigator didn't think this went far enough. They said Revolut had the right to review the account, and Ms D had breached the terms of the account by using it for business purposes. But they felt there were undue delays in the review. They recommended that Revolut pay her £150, and 8% simple interest on the funds held between 12 June and 18 July 2023.

Revolut accepted this as an outcome, but Ms D disagreed. She said she had not been given an explanation of why the review took longer than stated. She said her business had faced legal demands and loss of reputation because of the block. As no agreement could be reached, the complaint has 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.

It's right that Revolut, as a regulated financial business, have legal and regulatory obligations to fulfil when supplying accounts to people. These obligations can mean that on occasion they need to restrict accounts and prevent any further transactions from taking place. There is provision for this in the terms of Ms D's account.

Revolut aren't under any specific obligation to explain the nature of the review or provide Ms D with specific information about what they're looking at. So, while Ms D has asked for further information this isn't something Revolut are required to give her. But, as the investigator has pointed out, Ms D was using the account for her business purposes which is against the terms of the personal account she had. I've reviewed the evidence available, and I'm satisfied it was reasonable for Revolut to restrict, and ultimately close, Ms D's account. This is in line with the terms of the account that she agreed to.

But any review should be conducted as quickly and efficiently as possible. I can see from the chat history Ms D was asking regularly for updates and was given an expectation that she would have an answer within 14 working days. Revolut didn't meet that deadline and haven't been able to provide a reasonable explanation to our service as to why not. On that basis, I'm satisfied they could have released her funds earlier than they did – I agree 12 June 2023 would have been an appropriate date. This means Ms D has been deprived of the use of the funds in the account for just over a month longer than she should have been.

I've gone on to consider the impact of this on Ms D. The difficulty here is that the funds in the account appear to be a mix of funds used for Ms D's personal expenses, as well as money paid to her business.

From what Ms D has sent Revolut, and from Companies House, I can see that Ms D's business is incorporated as a limited company. This means it's a separate and distinct legal entity to Ms D as a person. Our service can only consider a complaint from, and the losses to, Ms D personally as she is the account holder here.

Under the rules of our service, I can't consider any losses to her company – for example the loss of reputation she claims her company has suffered, or for the legal threats received. The company doesn't have accounts with Revolut, or any of the other qualifying relationships to bring a complaint to our service. So, I will not be making an award for these.

I've not seen any evidence of any personal losses to Ms D. It's not possible to separate Ms D's personal funds from those paid to her business. But I can see that the funds were ultimately released to Ms D in her personal capacity. Therefore, I think it's appropriate for Revolut to pay 8% simple interest per annum on the whole balance. This is to represent the lost use of these funds. It's also in line with the debt awards a court may make.

In terms of compensation, I can see from the chat history how frustrating and upsetting the block was for Ms D. It's always likely there's going to be a degree of upset caused when an account is blocked. But as I've found the block to be reasonable, I wouldn't compensate her just for the frustration caused by the block. I accept the delays past when she expected a resolution would have caused more upset than necessary. On that basis I'm satisfied compensation is appropriate – and I see £150 as a fair amount, in addition to the five months' of subscription fees already refunded.

### **My final decision**

My final decision is that I uphold this complaint and to settle it Revolut Ltd must:

- Pay 8% simple interest per annum on Ms D's balance from 12 June 2023 to 18 July 2023. If Revolut are required by HMRC to deduct tax from this amount they should provide Ms D with a certificate showing how much was deducted, should be ask for one.
- Pay Ms D £150 compensation

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 13 November 2023.

Thom Bennett  
**Ombudsman**