

The complaint

Mrs K complains Revolut Ltd blocked her account following a review and returned an incoming payment to source. She adds that the returned payment has been substantively delayed in reaching the remitting account.

To put things right, Mrs K wants Revolut to pay her £1000 compensation for the distress and inconvenience it's caused.

What happened

In April 2023, Revolut asked Mrs K to provide it with information regarding the source of her funds and entitlement to it through its mobile app. Mrs K says she didn't want to provide this information as it was unnecessary, not mandatory, highly intrusive, and a breach of her privacy.

In May 2023, following a review, Revolut blocked Mrs K's account. Mrs K was expecting a substantive payment from a company she had done some work for. This payment was returned to source – that is, to the account it was sent from.

Mrs K was told by Revolut that the source account should receive the payment within five days. But this didn't happen. Following Mrs K's initial complaint, Revolut unblocked the account.

Mrs K chased Revolut for nearly six weeks about where this payment had gone. Throughout this time Revolut said it had sent the payment, but the delays were caused because it had to go through the same chain of two banks it was processed through.

The source account received the payment in early July 2023.

Mrs K complained separately about the block and payment being returned, and later the delays in the funds being returned to source. Revolut sent two complaint responses, one in May 2023 and one in June 2023.

In summary, Revolut said:

May 2023 response

- Revolut has strict legal and regulatory obligations it must meet which affect its ability to make and receive payments. The incoming payment was reverted by Revolut's automated security system
- Mrs K was asked to provide information to Revolut as part of its verification process as its needs to comply with strict anti-money laundering and fraud laws and regulations. So that is why it needs to ask its customers for information regarding their source of funds and identity
- Once the restriction of the account was passed manually to the verification team, it was lifted by them

- Revolut acted in line with its terms and policies, but because it caused Mrs K inconvenience, it upheld her complaint. Revolut credited Mrs K's account with £50 compensation because of this

June 2023 response

- In the event of a reverted transfer from Revolut, it takes up to five working days to arrive at the sending bank. But it's possible the return transfer gets stuck somewhere during this process. So contacting Revolut's banking partner(s) to investigate can take longer as it goes through many layers
- Revolut has shown Mrs K that the transfer of the funds was done successfully from its end. And when Mrs K told it the payment had not been received, the payments team took immediate action and sent a trace request to its banking partner to locate it
- When processing SWIFT (Society for Worldwide Interbank Financial Telecommunication) many banks are involved. Revolut provided Mrs K with evidence of the SWIFT routing action it had taken
- Revolut explained that it has no influence on this process as every transfer is subject to that banks, or other third-party's, processes as they are independent from it
- Revolut's payments team had given Mrs K the correct information when she asked about the funds. And it contacted these partners repeatedly throughout to guarantee the funds arrived as soon as possible
- Though Revolut can't control how quickly any banking partners, or third parties, handles each case, it has a responsibility and commitment to provide its customers with quick and efficient solutions to issues that arise
- Despite Revolut acting in line with its terms and policies, to acknowledge the distress and inconvenience caused to Mrs K, it would uphold the complaint. To compensate Mrs K, Revolut credited her account with £150

Mrs K remained unhappy with Revolut, so she referred her complaint to this service. Mrs K said that it took Revolut six weeks to get the funds properly returned to the source account. The impact of which has been devastating on her, and the way the matter has been handled is off-hand and shabby.

One of our Investigator's looked into Mrs K complaint and informed her that Revolut was offering a further £300 compensation as a proactive settlement to resolve her complaint. Mrs K did not accept this. She said Revolut should pay her a further £800 which would be reasonable and proportionate compensation. Some of the key points she made are:

- The loss of substantial money over six weeks has caused her considerable anguish, mental and emotional break down, loss of sleep and the inability to focus on anything including work
- Revolut rejected the payment without cause and failed to communicate with her about this
- Revolut repeatedly misinformed her and sent confusing and contradictory messages on its chat function regarding reversing the payment
- Revolut failed to take ownership of the problem by being irresponsible, slow, elusive,

and ambiguous. Revolut were unprofessional and provided poor customer service

- Its not relevant that she was able to continue paying her bills and financial commitments

Our Investigator then sent Mrs K their recommended outcome. In short, they said:

- Revolut acted within its legal and regulatory obligations, and in line with the terms and conditions when restricting Mrs K's account and reverting the incoming payment. Revolut has withdrawn the extra £300 compensation offer – and its not required to do more
- When Mrs K didn't supply the compliance information, Revolut acted reasonably by blocking her account, as was its decision to later unblock it
- Revolut's terms confirm it can't make an inbound or outbound payment when the account has been blocked. So the payment was correctly reverted
- The evidence shows Revolut acted promptly, and the payment was delayed because of the processing times of other third-party organisations. So Revolut isn't liable for any delay

Mrs K did not agree with what our Investigator said. She says the outcome is full of factual inaccuracies and omissions – and fails to fully represent the nature of her complaint. Because Mrs K didn't agree, her complaint has now been passed to me – an ombudsman – 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 not to uphold Mrs K's complaint. I know she feels strongly about it, so I'll explain why.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mrs K and Revolut have said before reaching my decision. I'd also add that I've very carefully reviewed all the technical evidence provided to me – which includes Revolut's internal notes, and transcripts of the in-app chats.

Electronic Money Institution's (EMI) 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 EMI's need to restrict, or in some cases go as far as closing, customers' accounts.

These obligations generally cover the entire period of its customer relationship – from

application to eventually the end of the relationship. This includes Know Your Customer (KYC) checks and/or Customer Due Diligence (CDD). It's worth noting these checks include not just the verification of a customer's identity, but also establishing the purpose and intended nature of the business relationship and origin of funds.

Revolut asked Mrs K for information relating to the origin of her funds and account activity. Mrs K says she found this request unnecessary, intrusive and a breach of her privacy. I note too that Revolut gave her an explanation in its complaint response as to why it needs to carry out such an exercise. This included, that it must meet strict regulatory requirements and gathering such information helps it better combat fraud and money laundering.

As a result of not receiving this information, Revolut restricted Mrs K's account. In turn this led to a substantive payment being reverted to the source account. Firstly, I'm satisfied that Revolut has done nothing wrong when restricting Mrs K's account – even if it was an automated response from its systems. After all, regulated businesses like Revolut attempt to build online systems to help them meet their legal and regulatory obligations.

Mrs K argues that the request for this information was unnecessary and a breach of her privacy. But Revolut must meet its legal and regulatory obligations – and that is what it was trying to do here.

When an account is blocked in this way, it can mean payments both inbound and outbound are not permitted. Revolut's terms of account also say it can refuse inbound and outbound payments if legal and regulatory requirements prevent it from doing. I'd add too that if a regulated financial business has concerns, it must mitigate any risk against failing to meet its obligations.

So, I'm satisfied Revolut did nothing wrong in not permitting the incoming payment to credit Mrs K's account – and by returning it to source when the restriction was in place. I note Mrs K would like a more detailed explanation for Revolut's actions here, but it is under no obligation, that I'm aware of, to do so.

Mrs K says that Revolut is liable for around six weeks' worth of delay in the payment being returned to the source account. And that Revolut provided sub-standard customer service and communication when she contacted it about this.

Revolut has given me detailed technical evidence to show what was happening, and what it was doing to support the payment being returned. I'm satisfied that the SWIFT return process involved several financial third parties for whom Revolut are not responsible for.

I'm also satisfied Revolut acted as quickly as it could, and at reasonably regular intervals, to locate and enquire with these third parties to help the funds move onto the source account. As I said earlier, I've also read the in-app messages between Mrs K and Revolut, and overall I don't think Revolut has failed to exercise its responsibility to provide good customer service and communication. I accept however that at times certain communication could've been better – but not so much that I think Revolut has acted improperly.

Mrs K says this matter has caused her significant trouble and upset. I do appreciate, and don't undervalue, that it would've caused her some difficulty and distress. But 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 that I don't think it failed to properly follow its own procedures and obligations.

So I'm not going to ask Revolut to do any more than that which it has already done. I note Revolut withdrew its offer of £300 to proactively resolve the complaint. Having carefully

considered this, I don't think it needs to revive this offer. That's because I don't think it's done anything wrong.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 12 November 2023.

Ketan Nagla

Ombudsman