

## **The complaint**

W is a company. It complains that Revolut Ltd suspended and then closed its account with it. W complains too that Revolut has not returned funds held in the account.

The complaint has been brought by W's director, Mr A. The company and Mr A have also had legal representation, so references to their arguments and submissions include those made on their behalf.

## **What happened**

At the relevant time W had at least two accounts, including one with Revolut.

On 28 March 2022 W received a payment of US\$799,950 (equivalent to just under £600,000) to his account with Revolut. The payment came from a US company, G. W's account statements indicate that around £275,000 was transferred from the account over the following two to three weeks, leaving a balance of £250,000.

In April 2022, however, Revolut blocked the account. It said it had received a fraud claim in respect of the payment on 28 March 2022. On 18 May 2022 the balance of funds on the account, £250,000, was returned to the US bank from which the 28 March payment had been made.

Mr A complained to Revolut on behalf of W. He said that the payment had been a legitimate one and that, if the funds had been fraudulently paid, he was not involved and had not been aware of that. He referred the matter to this service.

In the course of our consideration of this complaint, W has provided, amongst other things:

- invoices addressed to G, the sender of the funds, by W, and which he says show that the payment (and others) were for work carried out for G;
- an affidavit from an individual connected to G; and
- court papers filed in respect of proceedings in Texas for the forfeiture of more than US\$12million obtained by fraud.

I'll discuss those documents later, but the investigator who considered W's complaint was not minded to uphold it. He thought Revolut had acted fairly in suspending the account and then closing it and in returning the funds held to its credit.

W didn't accept the investigator's assessment and asked that an ombudsman review 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.

For context, I should say that W's account with another provider was also suspended and closed, as was Mr A's personal account. They are the subject of separate complaints, which I won't discuss here. Where relevant to W's complaint, however, I have considered documents submitted in Mr A's complaint.

I should mention too that it is not for me to say whether W or Mr A was involved in any type of fraud. What I must do is to decide what, in my opinion, is a fair and reasonable resolution to this complaint.

The allegations which led to the suspension and closure of W's account are set out in the court papers. In summary, it is alleged that a US company made two payments, totalling more than \$12million, as a result of a business email compromise (or BEC) scam. A BEC scam occurs when fraudsters "spoof" or intercept the email account of someone who is making a payment and provide different payment details. The intended recipients of the payments from the US company did not receive them.

Around \$5million of the US\$12million was paid to two individuals and, of that, US\$2.4million was then credited to the account of a US law firm, which I'll call "L". It was then transferred to G, and G made the payment to W.

The maker of the affidavit in which these allegations are made is a US Special Agent, and those allegations appear to be based on information provided by investigators employed by the various banks within the chain of payments. The agent acknowledges that the account holders through which the funds passed may be "money mules" – which I take to mean individuals or businesses whose accounts have been used without their knowledge or who knew about the payments but did not appreciate the reasons why their accounts were being used.

In my view, the court papers are more likely than not to be an accurate record of the source of the funds paid to W.

The affidavit sworn by the individual linked to G confirms that G received the funds from L. He says that the funds were "of clean origin" and verified by L. He sent them to W as payment for the development of software, in three separate payments.

The three invoices were all in the name of W and were all addressed to G. Two indicated that payment should be made to W's business accounts, but one directed payment to be made to Mr A's personal account. All are dated 28 March 2022, the date of the payment which led to this complaint.

As I have indicated, I think it very likely that the ultimate source of the funds which W received was the BEC scam. Mr A has provided a copy of G's US bank statement, showing the only credit as a transfer of US\$2.4million from L. That's consistent with the statements in the court papers.

That does not mean of course that W, through Mr A, knew about the BEC scam or that it stood to profit from it. There are however a number of features which I think support Revolut's decisions here.

The three invoices to which I have referred totalled nearly \$2.4million, all of the funds received by G from L. That represents a substantial contract for a company of the size of W and which, Mr A says, had just come out of dormancy. The invoices however refer simply to "Software / Application Development and Sale". I would expect to see very much more to show, for example, what services were provided and over what period, as well as a detailed written set of terms and conditions.

It is also not clear to me why payments were made to three separate accounts, one of them a personal account. None of this is dealt with in W's evidence or in the affidavit from G's officer. And I note too that the payment to W's account with Revolut was received on the same day as the date on the invoice.

It is notable too that the affidavit does not seek to explain why G received US\$2.4million into what appears to have been an otherwise unused bank account from a firm of lawyers. Indeed, that affidavit does little more than state facts about the transfers – which are in any event verifiable from other sources.

As I have said, it's not for me to decide whether or to what extent W was involved in or knew about the original BEC scam. That said, I don't find Mr A's subsequent explanations of the reasons for the payment at all persuasive.

For these reasons, I think that Revolut acted reasonably in suspending W's account and then closing it, and in returning the funds.

### **My final decision**

For these reasons, my final decision is that I do not uphold W's complaint and do not require Revolut Ltd to do anything more to resolve it.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 20 December 2023.

Mike Ingram

**Ombudsman**