

The complaint

M a limited company complains that Revolut Ltd blocked and returned a payment that was paid into its account causing financial losses and inconvenience.

M's complaint has been brought to our service by its direct, Mr U.

What happened

On 14 June 2023, M opened an account with Revolut.

On 13 July 2023, M received a payment of just under \$120,000 USD into its account, from a company I will refer to as B. Following this, Revolut blocked the payment and asked Mr U to provide it with information regarding M's entitlement to the funds.

In response, Mr U explained that the payment was from a company for services that M had been contracted to provide to a cargo ship. Mr U provided copies of a contract between M and another company I will refer to as C. The contract set out that M would receive just over \$7,000 USD in monthly instalments. Mr U also provided company information about B and C.

Revolut told Mr U it needed to review the information he had provided. Mr U wasn't happy with this response and told Revolut that he needed the money to be released as soon as possible as he'd received a notice from the ship's crew demanding their wages.

On 19 July 2023, Revolut completed its review and returned the payment to the remitter. Revolut also decided to close M's account and wrote to Mr U giving him 60 days' notice. M's account closed in September 2023.

Mr U complained. He said that there was nothing wrong with the payment M had received from B and that it was a legitimate business transaction. He said as a result of Revolut stopping the payment and sending it back, M had suffered losses of around \$20,000 a month, and he hadn't been able to operate his business.

In response, Revolut said it hadn't done anything wrong. It said it had acted in line with the account terms and conditions when it had reviewed the payment and closed the account. Revolut also said it was complying with its legal and regulatory obligations when it had returned the money back to source.

Unhappy with this response Mr U brought M's complaint to our service, where one of our investigator's looked into what had happened. The investigator asked Mr U and Revolut for some more information about what had gone on.

The investigator looked at the information Mr U and Revolut provided. She said Revolut hadn't done anything wrong by reviewing the payment that had been sent to M's account. She also said that while she appreciated the impact, Revolut's actions had on M, she didn't

think it had done anything wrong when it had sent the payment from B back to the remitter. So, she didn't uphold the complaint.

Mr U disagreed. He said he had provided all the information Revolut requested about the transaction and had done so promptly. He said that Revolut had taken too long to complete what it needed to do, and the money wasn't returned to the sender until weeks after 19 July 2023. As a result, Mr U says Revolut ruined his business, and he wants compensation.

As no agreement could be reached the matter has come 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.

Revolut are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to carry out ongoing monitoring of an existing business relationship. That sometimes means Revolut need to restrict, or in some cases go as far as closing customers' accounts and return payments.

The terms and condition of M's account also permit Revolut to review any payments coming into an account. And ask a customer to provide it with information. I should also add that Revolut is not required to prove beyond reasonable doubt that Mr U is guilty of a fraud or financial crime before it decided to block the payment and carry out a review.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for Revolut to block and review the payment from B. This was a newly opened account with no previous activity. M had also only been established as a company for around a month and the payment was a large transaction – just over \$100,000 USD. So, I can understand why Revolut had concerns and wanted to ask Mr U some questions about M's entitlement to the funds.

Revolut has explained that this was its standard procedure, and I accept that it was. I'm satisfied that in doing so Revolut were complying with its legal and regulatory obligations. Mr U has said Revolut took too long to complete its review. But in order to comply with its regulatory obligations, reviews can take varying degrees of time. I've looked at the timeline and I can see that Revolut started its review on 13 July and completed it on 19 July 2023. I don't consider this to be unreasonable. I note too that Revolut acknowledged Mr U's comments about the urgency of the situation and completed the review as a priority. I haven't seen any evidence that Revolut caused any unnecessary delays. So, I can't say it has done anything wrong or treated M unfairly when it reviewed the payment.

Mr U is very unhappy that Revolut sent the payment from B back to source and has said that Revolut's actions ruined his business. Whilst not wishing to minimise the impact Revolut's actions may have had on M, Revolut has shown our service the information it looked at as part of its review. It's also explained its rationale in weighing that information and it's demonstrated how it reached its decision to return the payment back to source.

Having reviewed everything Revolut and Mr U has told our service, I'm satisfied Revolut acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. Based on the evidence I've seen I agree that this was the right action in the circumstances. So, whilst I appreciate

Mr U's strength of feeling on this matter and the fact that M may have been impacted by Revolut's actions, I can't conclude Revolut did anything wrong when it sent the payment back to B.

In reaching this conclusion, I note that the sending bank didn't receive the funds until 4 August 2023. I can see that Revolut were in contact with Mr U over a number of weeks via its SWIFT team to trace the payment. And that it explained to M U that there were a number of intermediary banks involved in the transaction which is why it took as long as it did for the money to be returned. Revolut offered Mr U £50 compensation as a gesture of goodwill for how long it took them to trace the payment. I think this is fair and reasonable. So, I won't recommending Revolut do anything further to compensate M.

I'll next deal with Revolut's decision to close M's account. Sometimes following a review, a bank or financial business will decide to close an account. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep a customer or require it to compensate a customer who has had their account closed. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene.

I've looked at the terms and conditions and they state that Revolut could close M's accounts by giving at least 60 days' notice. And in certain circumstances it could close the accounts immediately. I can see that Revolut wrote to Mr U giving him the full notice period, so I'm satisfied that Revolut has complied with this part.

I've gone on to consider whether Revolut's reason for closing the account was fair. In doing so, I appreciate that Revolut are entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Revolut should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly.

Revolut has provided some further details of its decision making process, I'm sorry but I can't share this information with Mr U due to its commercial sensitivity. But I've seen nothing to suggest Revolut's decision around closing M's account was unfair. So, it was entitled to close the account as it has done.

In summary I realise Mr U on behalf of M, will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that Revolut have treated M unfairly when it reviewed and returned the payment. And decided to close M's account. So, I won't be telling Revolut to do anything else to resolve M's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 11 April 2024.

Sharon Kerrison
Ombudsman