

The complaint

Mr F is unhappy that Revolut Ltd blocked his account following its concerns he had been the victim of a scam.

What happened

On 19 November 2023 Revolut blocked Mr F's account. It had concerns that a transaction he had authorised – around £10,000 paid to a cryptocurrency trading platform - indicated he was the victim of a scam.

It asked Mr F to get in touch with it to discuss the payment, which he did on 19 November 2023 via an online chat service. Over the following few days Revolut asked Mr F a series of questions relating to the payment and his account in order to satisfy itself he was not the unknowing victim of a scam. It also asked him for multiple photographs of himself, holding a piece of paper containing specific text so it could verify his identity.

Mr F complied with these requests overall but was unhappy that his account had been blocked. He was also unhappy with the questions being asked and felt they were unnecessary given he'd confirmed he was making the payment himself and the money had already left his Revolut account. He made a complaint on 29 November 2023.

On 30 November 2023 Revolut confirmed it would review Mr F's responses and get back to him. It updated him on 2 and 4 December 2023 to explain it was still looking into things. On 10 December 2023, with the block still in place, Revolut again contacted Mr F and asked him for a photograph of himself. Mr F didn't respond to this request.

On 2 January 2024 Revolut responded to Mr F's complaint. It upheld it in part. It explained it felt the review it had carried out was necessary and it was still ongoing as Mr F had not provided all the information it had requested. However, it acknowledged that there had been delays in keeping Mr F updated. It offered him £50 in compensation for this. It again advised him that he would need to provide the information requested – another photograph of himself with specific text – before the block on his account could be removed.

Mr F brought the complaint to our service to consider. Our investigator upheld the complaint. They felt Revolut ought to have removed the block sooner and couldn't see that the outstanding information it had said it was waiting for would've provided additional reassurance Mr F was not the victim of a scam. They recommended the block be removed, that Revolut pay Mr F £300 compensation for the distress and inconvenience caused and 8% simple interest on the funds in the account from the date the block reasonably ought to have been removed.

Revolut accepted the investigator's findings. Mr F did not. He felt further in-depth, wide scale analysis needed to be carried out into Revolut's actions and motivations and how it treats all customers making the types of payments Mr F was making. He also felt he should be paid more compensation given the time he had to spend trying to resolve the matter with Revolut.

As Mr F didn't accept the investigator's findings the complaint has been passed to me to

make a decision.

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.

Was Revolut acting fairly in blocking and reviewing Mr F's account

In broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what's fair and reasonable in this case.

However, taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Revolut should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before it processed a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

It's common industry practice for businesses to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account permit Revolut to block an account. This means it is entitled to block and review an account at any time as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions.

I understand it must've been frustrating for Mr F that his account was blocked and he was being asked about a legitimate transaction. This is an unfortunate situation that can occur sometimes, in trying to protect its customers, banks may sometimes end up reviewing and questioning customers making genuine payments.

I don't think it's unreasonable that Revolut blocked Mr F's account in this case. The transaction that triggered this block and review was a large transaction, to a cryptocurrency platform which is a common part of known APP (authorised push payment) scams. And ultimately, it took this action with the intention of protecting the money that remained in Mr F's account while it verified the activity with him. And whilst he's explained he'd made similar payments in the past, it can be any payment that prompts a bank to intervene when trying to protect its customers.

Revolut is also allowed to decide its own processes when making sure it meets its obligations around financial crime. I understand it must've been frustrating to Mr F that he was asked lots of questions about the payments, which he's expressed clearly that he believed were irrelevant.

But it's important to take into account that many victims of the type of scam Revolut suspected in his case won't know or understand that they are victims of a scam. Repeated, basic questions about the transactions can help unravel a scam for the victim or provide information to Revolut that will help it identify a scam, particularly when the victim is being instructed on what to say.

Overall I'm satisfied it was reasonable that Revolut was taking additional steps to try and protect its customer. I'm also satisfied it was asking reasonable, relevant questions based on the way the type of scam it suspected tends to be perpetrated.

Mr F has instructed that we carry out an in depth, wide scale review and analysis of Revolut's action in relation to this type of block with a view to investigating how it's obtaining and storing information. This appears to be driven by his belief that Revolut blocked his account in order to force him to use its own trading platform and obtain marketing information from him.

Our service is an informal one which considers individual complaints. We aren't a regulator and our remit is limited to regulated financial activities. In addition, it's for our service to decide how we investigate complaints and what information we need in order to fairly decide a case.

My role here is to consider whether Revolut has acted reasonably in line with the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice. As I've outlined above, I'm satisfied it was.

Did Revolut cause delays when reviewing Mr F's account

Mr F has said he had to spend an unreasonable amount of time discussing this matter with Revolut but I don't agree based on the chat logs that have been provided, which include date and time stamps.

Mr F chatted with Revolut from 19 – 20 November 2023 and from 28 – 30 November 2023. I can't see that there were any delays on Revolut's part during these chats. The reason they continued across several days is because Mr F was at times delayed in responding, which is understandable given his daily life and obligations likely continued during this period. So, I don't think Revolut caused delays whilst it was initially obtaining information from Mr F.

However, on 30 November 2023 Revolut told Mr F it would review his account and aimed to get back to him the next business day. This didn't happen and on 10 December 2023 it requested another photograph with specific text, a request Mr F had complied with twice previously in response to two separate requests on different days.

As I've outlined above, I accept that as a commercial business Revolut is entitled to set its own policies that allow it to meet its obligations. But it's my role to establish if, in an individual's circumstances, these policies have been applied fairly.

In this particular case, Mr F had already provided the information request on 10 December 2023 on two occasions. Given its ongoing discussions with Mr F and the information and photographs he'd already provided, it's not clear what information or reassurance Revolut

would've gained by requesting a third photograph from him. Especially given that its concerns appeared to be that Mr F was being tricked into authorising payments from his own account. It's not clear why Mr F wouldn't have been able to send a photograph even if he had been the unwitting victim of an APP scam.

I accept that Revolut needed to be sure it was dealing with the right person, and I understand that it may carry out more than one check to verify this. But the checks it carries out when it suspects someone might be at risk of fraud should be proportional to the risk presented. By the time Revolut was requesting a photograph on the third occasion I no longer think this was the case.

In requesting this information again, I think Revolut caused unnecessary delays in unblocking Mr F's account. Without this request it appears Revolut had the information it needed in order to reasonably satisfy itself that Mr F wasn't the victim of a scam on 30 November 2023. And it appears its intention was to review this information and make a decision by 1 December 2023 (the next working day). This didn't happen due to a request for unnecessary information. As a result I think it could've unblocked Mr F's account on 1 December 2023.

Putting things right

As a result of the delays in unblocking Mr F's account he has been deprived of the funds in the account since 1 December 2023. Mr F says he has lost thousands of pounds as a result of this because he would've invested the money in the account. But this loss is speculative so it wouldn't be fair of me to ask Revolut to compensate him for this.

I do however, think it needs to pay interest on the funds he didn't have access to, at the statutory rate, from the date the block ought reasonably have been removed until the date of settlement to reflect that Mr F has been deprived of the funds.

Mr F has said he should be paid compensation in line with his professional day rate to reflect the time he spent resolving this matter with Revolut. As I've explained, it's legitimate that Revolut have carried out a review of Mr F's account and legitimate that it has asked him reasonable questions about the payment in question. So I don't think Mr F should be compensated for the time he spent answering questions about his account. Using financial services won't always be totally hassle free and we wouldn't award for things that aren't more serious than the normal nuisances of everyday life.

However, whilst I don't think Mr F should be compensated for the initial block and review, which I think was legitimate, it's clear there has been a delay in resolving this situation once Revolut had all the information it reasonably ought to have needed. Whilst Mr F did start using another account shortly after the block was put in place, I do think he would've suffered some ongoing worry and inconvenience while he didn't have access to his account for several months after his account reasonably ought to have been unblocked. Revolut has accepted the investigator's recommendation of £300 and I think this is in line with our guidelines for this type of award.

Mr F has said he should be compensated in line with his professional day rate. I don't agree. For the reasons given I don't accept Revolut not unblocking the account on 1 December 2023 when it reasonably ought to have kept Mr F from working. But regardless, our service is an informal one and our awards are based on our guidelines - published on our website - rather than someone's income.

Revolut should:

- Unblock Mr F's account now if it hasn't already
- Pay Mr F 8% simple interest on the amount in his account from 1 December 2023 until the date of settlement
- Pay Mr F £300 for the distress and inconvenience caused

If Revolut considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr F how much it's taken off. It should also give him a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

I uphold this complaint and direct Revolut Ltd to pay the settlement outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 23 October 2024.

Faye Brownhill
Ombudsman