

## The complaint

Mr P complains that Revolut Trading Ltd ('RTL') unfairly closed his equity trading account. He says RTL didn't have good reason to close his account. And it forced the liquidation of his investments which caused him a loss. He also says RTL didn't make him aware early enough that it would close his account. And so it deprived him of the opportunity to make informed decisions. Mr P wants to be reimbursed for investment losses and legal fees.

## Background

RTL was an appointed representative of Resolution Compliance Limited, a UK firm which was authorised to provide financial services in the UK by the UK regulator, the Financial Conduct Authority ('FCA'). RTL was also a wholly-owned subsidiary of Revolut Ltd ('Revolut').

Resolution Compliance Limited, as the principal firm for RTL, is responsible for the regulated activities carried on by RTL in this case. But for ease of reading I've simply referred to RTL.

## What happened

Mr P opened a RTL trading account in January 2019. He was a resident of France at the time.

On 29 October 2020 RTL emailed Mr P saying that from 1 January 2021 its trading company RTL would no longer be able to '*passport*' its services into the European Union ('EU'). But RTL said Mr P could continue to trade with RTL if he confirmed amongst other things that he was doing so on his own initiative and understood he wouldn't have any protections under EU regulation. RTL said that if he didn't either confirm that or close his account by 1 January 2021 then he'd be unable to access his account after that date. Mr P said he decided to continue using RTL's trading services.

In January 2022 Mr P became a resident of Italy.

On 13 June 2022 RTL contacted Mr P by web chat. It asked him to confirm his country of residence. Mr P confirmed he was living in Italy. RTL said that from January 2021 it had been unable to provide trading services to customers living in Italy. It said the reason was the United Kingdom's withdrawal from the European Union ('Brexit').

RTL said that because of this it had restricted Mr P's trading account to '*sell only*'. It said Mr P had 60 days to either transfer his investments to a different provider or liquidate them. Mr P told RTL that it had told him separately he could continue trading if he accepted certain conditions. RTL said that information had been wrong. It apologised and said again Mr P couldn't continue to trade with RTL while living in Italy, and he would have to move his investments or liquidate them. RTL also said Revolut had received a licence in Lithuania that would allow it to provide trading services across the EU and it expected to onboard new customers under that licence in the second half of 2022.

On 18 June 2022 Mr P complained to RTL. He said he'd been told that, because he lived in Italy, RTL would liquidate his investments within 60 days. He said the terms and conditions didn't allow RTL to close his account simply because he lived in Italy. He asked RTL to allow him to continue trading with his RTL account.

On 23 June 2022 Mr P contacted RTL via web chat and asked if his account would be closed. RTL said again that due to Brexit it couldn't continue providing trading services in the EU but it expected to take on EU customers in late 2022 under a Lithuanian licence. It incorrectly said Mr P had to close his account immediately and liquidate any open positions, and that he didn't have any open positions. Mr P said he thought he had 60 days. RTL apologised for '*confusion*' and confirmed he had 60 days and that he could also transfer his investments elsewhere rather than liquidate them.

On 2 July 2022 Mr P began another chat with RTL and said he still had doubts about his trading account and asked if it would be closed. RTL said again that the account had to be closed immediately due to Brexit and that Mr P didn't have any open positions.

On 10 July 2022 Mr P told RTL he needed help to transfer his investments. RTL said it had to remind him that he could only trade with RTL on his own initiative. And it said it would ask the relevant team about support for transferring his investments. On 13 July 2022 RTL told Mr P how he could transfer his investments to another entity.

On 19 July 2022 Mr P contacted RTL again through web chat and said he wanted to know why it wanted to close his trading account. He mentioned he'd made a complaint. RTL said it had to close his account because of Brexit. Mr P said he was the only person who'd received that message. RTL said it had emailed a response to his complaint. Mr P said he hadn't received it. RTL then said it was still considering his complaint. Mr P said he'd been told RTL would respond within 15 days.

On 19 July 2022 Mr P liquidated some (but not all) of the positions in his trading account. On 20 July 2022 RTL told Mr P it had sent its response to his complaint to his inbox. Mr P asked how he could transfer his investments to another entity. He also asked for the exact date his account would be closed. He said he hadn't received the response to his complaint. On 21 July 2022 RTL said it had re-sent its response to his complaint. A reply dated 21 July 2022 said RTL didn't uphold the complaint and Mr P had two options – to liquidate his investments or transfer them to another provider. It explained how to transfer the investments if Mr P chose that option. RTL also apologised for Mr P's experience with RTL not having been as '*smooth and positive*' as RTL intended.

On 12 August 2022, which was 60 days after the web chat of 13 June 2022, RTL liquidated Mr P's remaining investments and closed his trading account.

In November 2022 Mr P referred his complaint to this service. During our investigation of his complaint he added that he's since been able to resume trading with RTL while still living Italy. He said this shows that RTL didn't need to close his account. He also said he's aware of other RTL customers living in Italy who didn't have their trading accounts closed.

RTL told us it would have liked to keep Mr P as a customer but couldn't do so because of regulatory restrictions brought on by Brexit.

One of our Investigators looked into Mr P's complaint and didn't think it should be upheld. She said that although RTL hadn't told Mr P as early as it could have, 60 days was enough notice, and the outcome would've been the same if he'd been told earlier. She acknowledged that RTL gave Mr P conflicting information but said it gave him the correct information in time for him to take action if he wanted to.

Mr P didn't accept the Investigator's view. He said he lost the opportunity to make informed decisions when RTL didn't tell him before he moved to Italy that his trading account would be affected by the move. He said he would've liquidated his positions before moving to Italy if he'd known that RTL would close his account. And he asked what proof there was that RTL gave timely information to its customers in Italy about the consequences of Brexit. Because no agreement could be reached the complaint was 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.

Having done so, I've decided not to uphold this complaint. I'll explain why.

The terms and conditions of Mr P's account clearly set out that RTL could close the account immediately for a range of reasons, including '*exceptional circumstances*'. They said exceptional circumstances could include having to close the account '*under any law, regulation, court order or ombudsman's instructions*'. The terms and conditions also said, '*We may also decide to suspend or close your account for other reasons. We would contact you through the RTL App at least 30 business days before we do this*'.

In Mr P's case, RTL said its reason for closing his account was that it was legally unable to provide services to him in Italy due to the UK having withdrawn from the EU. And RTL gave him 60 calendar days' notice of the closure. So I think that when it closed his account RTL acted within the terms and conditions of its agreement with Mr P.

I understand Mr P feels he's been treated unfairly because he believes other RTL customers in Italy didn't have their accounts closed. And he disagrees that RTL acted in response to legal or regulatory requirements. But I'm not persuaded RTL targeted Mr P personally when it decided to close his account. I'm satisfied RTL's actions here were a response to changes in legal and regulatory requirements following Brexit which changed the authorisation that RTL needed to provide trading services to customers living in Italy.

Providing trading services to customers who live in Italy is a regulated activity. That means businesses need authorisation from a regulator to be able to carry on the activity. Until Brexit, UK businesses could use their FCA authorisation to operate in the EU (including in Italy), under the EU's '*passporting*' regime. But after the UK withdrew from the EU, businesses from the UK could no longer use their FCA authorisation to '*passport*' into EU countries. So UK businesses now had to get authorisation from an EU regulator if they wanted to carry on regulated activities in the EU. In Italy financial services are regulated by the Bank of Italy and Consob (for investment services in particular). The websites of both confirm that from 1 January 2021 the UK was considered a '*third country*' in Italy and, under Italian law, UK firms could no longer provide financial services in Italy unless they had received or applied for authorisation from the Italian regulator.

I understand Mr P has been able to resume trading on the Revolut app, even though he still lives in Italy. I don't think this shows RTL shouldn't have closed his account when it did. When it closed his account RTL told Mr P it planned to take on new EU customers again in future. It planned to do that under a new licence from the Bank of Lithuania which would allow RTL to serve customers in the EU. I can see from its website that the Bank of Lithuania has granted licences for investment activities to Revolut Securities Europe UAB. And Revolut's website says investment services in the EU are provided by Revolut Securities Europe UAB.

Taking all this into account, I can't say that RTL targeted Mr P personally. I'm satisfied it's more likely than not that RTL closed his account as a response to legal and regulatory requirements brought on by Brexit. And I can't say that RTL's decision to close Mr P's account was unreasonable or unfair. But I've also thought about whether the decision was communicated fairly and reasonably. And I'm satisfied it was.

Having looked at the evidence I agree that at times RTL's communication with Mr P was unclear and inconsistent. And I can understand that Mr P would have preferred to know at an earlier stage what RTL was going to do in response to Brexit. I can also see why Mr P would have questions after RTL told him he would be able carry on trading but then appeared to change its position after he moved to Italy.

But ultimately I'm satisfied RTL's decision to close Mr P's account was fair – in line with the terms and conditions of the account and the regulatory position at the time for UK firms after Brexit. And I agree with the Investigator that poor communication at times from RTL didn't cause Mr P to lose out financially – Mr P had enough information and enough time to avoid having his investments liquidated against his will, which is the loss he is unhappy about.

RTL apologised for providing wrong information and told Mr P why it was closing his account and what his options were regarding his investments. I think RTL gave Mr P correct information enough times and consistently enough for him to know that he needed to move or liquidate his investments within 60 days of the web chat on 13 June 2022. And I think 60 days was enough time for Mr P to liquidate or transfer his investments if he wanted to. 60 calendar days was more than the terms and conditions required – the terms and conditions allowed RTL to close the account immediately for certain specified reasons (including legal or regulatory reasons), and within 30 business days for '*other reasons*'. So RTL allowed Mr P more time than required under the terms and conditions, to minimise the impact on him. I think that is fair and reasonable.

Mr P's communications and actions during the 60-day period show he knew his account would be closed and he was aware of his options. Mr P did liquidate some of his investments during the 60 days. And he requested and was given information about how to transfer his investments. So although RTL's communication was poor at times, I don't think that prevented Mr P from retaining or selling his investments.

Mr P said that by not telling him sooner that he wouldn't be able to continue trading with RTL in Italy RTL denied him the opportunity to make informed decisions before he moved from France to Italy and before he made and held various investments. But I don't accept that Mr P would've needed to make different investment simply because he knew RTL's trading service would be unavailable to him. Mr P could've achieved the same investment outcomes using a different platform. So I don't accept that he wouldn't have made the investments if he'd known RTL would become unavailable to him. In any case, Mr P could've transferred his investments to a different provider in the 60-day period before his RTL account was closed. So I don't think he needed to be notified of the closure any earlier to avoid having his investments liquidated.

I know Mr P will be disappointed that I'm not saying he must be compensated for investment losses. But I hope he is reassured that RTL's closure of his account was fair and reasonable and wasn't done to target him personally.

### **My final decision**

For the reasons given I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or

reject my decision before 20 October 2023.

Lucinda Puls  
**Ombudsman**