

The complaint

S complains about TransferWise Ltd's decision to close their account and the time it took for them to receive their money. S says they had to instruct a law firm due to the disruption caused and would like TransferWise to pay the legal costs.

What happened

S held an account with TransferWise.

In April 2020, TransferWise carried out a review on S' account and decided to end the relationship. TransferWise held around €345,000.00 of S' money while they finalised their review.

S complained. TransferWise responded and let S know that they closed the account because of concerns with payment activities within the account. So, they didn't uphold S' complaint. The directors of S personal accounts were also affected.

Later in April 2020, TransferWise attempted to refund S with the money but couldn't because of an issue with the account details. S gave TransferWise new account details and the money was refunded successfully in May 2020.

The investigator who reviewed the complaint didn't think TransferWise did anything wrong in closing S' account. He said the terms and conditions of the account allowed TransferWise to take the action they did. And therefore, he didn't think TransferWise should pay S' legal fees or do anything differently.

S disagreed. In summary they said this situation was extremely disruptive and harming for a small company, so they had to appoint a law firm to deal with it on their behalf which is why the fees should be repaid. And they said that S wasn't involved with any wrongdoings and that every movement of funds can be supported by regular invoices.

As an agreement couldn't be reached, the complaint has been passed to me to review.

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'm not upholding the complaint. I know this will come as a disappointment to S and I appreciate how difficult this situation must have been for them, but I've explained my reasons below. It's worth noting my decision focuses only on S' account – and not the personal accounts of the directors.

TransferWise are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. Based on what I've seen, I'm satisfied TransferWise were acting in line with these obligations when reviewing, blocking and subsequently closing S' account.

TransferWise are required to regularly review the relationships they hold with their customers and it's often appropriate for certain transactions to be reviewed. In S' case, TransferWise have explained that they had concerns with regards to payment activities within the accounts. And therefore, it would have been necessary for TransferWise to review the transactions further. So, I'm pleased to see they decided to carry out a review on S' account.

I appreciate S doesn't consider they did anything wrong – and they've explained that they can evidence every movement in the account. But that doesn't mean TransferWise weren't entitled to review it. The Terms of the account, which the investigator helpfully shared with S, state that TransferWise can review accounts. And upon finalising that review, TransferWise decided to end the banking relationship with S.

I've thought carefully about the time it took TransferWise to refund the money to S. S has explained the impact this had on them – and I don't doubt it would have been really difficult to be without access to their funds. However, there isn't a specific timeframe which we'd state a business has to carry out their review. Instead, we often review the activity to ensure there were no unnecessary delays. I've considered the actions of TransferWise and I can see they inhibited the account on 9 April 2020 and completed the review and attempted to refund the money back to S on 20 April 2020. I appreciate S didn't receive the money until 8 May 2020, but I can't fairly say that was the fault of TransferWise. TransferWise attempted to refund on 20 April 2020 and couldn't due to issues with the external bank account of S. Once TransferWise received the new account information, and carried out the necessary review for that, they processed the refund.

I appreciate S says they had to instruct a law firm due to the disruption TransferWise's actions had on the company. I recognise how difficult this must have been. But I can only uphold the complaint on this part if I think TransferWise acted unfairly. I don't consider they did. Ultimately, TransferWise had concerns which they had to investigate as part of their legal and regulatory obligations. While they carried out their review, they suspended the account, and the money in it, as they are entitled to do. Once they'd completed their review, they decided to end the relationship and refunded the money without any undue delays.

So overall, while I recognise the impact the overall situation had on S, I've found TransferWise were entitled to carry out the review, and there weren't any unnecessary delays. So, I can't say they've done anything wrong and I won't be asking them to do anything to put things right.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask S to accept or reject my decision before 25 May 2021.

Hayley West
Ombudsman