

The complaint

Mrs B complains that TransferWise closed her account with immediate effect. TransferWise froze the account and recalled a payment of over £52,000. Ms B wants TransferWise to return her money. Mrs B would like access to her money and her account reinstated.

What happened

Mrs B had an account with TransferWise.

In August 2019 Mrs B carried out a number of exchange rate transactions between Euros and another currency. These transactions resulted in Mrs B making a gain of around £60,000. TransferWise investigated. They froze her account after she transferred around £56,000 out of her TransferWise account. And closed the account with immediate effect.

Mrs B complained to TransferWise.

TransferWise decided that Mrs B had breached the terms of the account and their fair use policy by carrying out 513 conversions in the course of a 16-hour period. TransferWise decided not to release the funds. They blocked the funds in the account and closed it. TransferWise recalled a payment of over £52,000 Mrs B made to a third party. They later decided to unwind the transactions.

Mrs B was unhappy with TransferWise, so she complained to our service. One of the investigators looked at the complaint. He said TransferWise had applied the terms and conditions correctly. He said TransferWise had explained there was an issue with their system which meant an historic exchange rate had been displayed in error. Because of this glitch on TransferWise's system Mrs B was able to make a gain of over £60,000. He said he thought Mrs B had engaged in speculative trading and TransferWise hadn't done anything wrong by enforcing the terms and conditions.

Mrs B said she wanted an ombudsman to review the complaint, so 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.

In order to decide this case, I need to consider the terms and conditions of the account and the fair use policy.

TransferWise have relied on the following conditions 15.3; 21.9 and 25.2 in order to block and close the account and withhold funds.

For that reason, I need to decide if the terms and conditions have been applied fairly by TransferWise.

Section 15.3 states:

You agree that you will not use our Services for speculative trading

Section 21.9 states:

21.9 You are liable for breaking this Agreement or applicable laws. In the unlikely event of loss or claims or costs and expenses arising out of your breach of this Agreement, any applicable law or regulation and/or your use of our Services, you agree to compensate us and our affiliates and hold us harmless This provision will continue after our relationship ends.

Section 25.2 states:

25.2 We may suspend or close your TransferWise Account without notice in certain circumstances. We may at any time suspend or close your TransferWise Account and/or end this Agreement without notice if:

(a) you breach any provision of this Agreement or documents referred to in this Agreement;

Having looked at the terms and conditions I can see that TransferWise are able to suspend and close an account and recover their losses if a customer uses the service for speculative trading.

Mrs B has said that she didn't engage in speculative trading. But I disagree. I think Mrs B most likely realised that there was a glitch in the TransferWise system that displayed an incorrect exchange rate on their platform. I say this because she spent 16 hours trading to take advantage of this incorrect exchange rate and she made a substantial profit from her actions. I can see this was not her usual pattern of usage on her account.

I'm satisfied that TransferWise applied the terms and conditions correctly when they took action to freeze and close the account and recover their losses. It follows I won't be asking them to do anything else.

My final decision

My final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 27 May 2021.

Esperanza Fuentes
Ombudsman