

The complaint

Mr P complains that TransferWise Ltd blocked his account and did not allow him access to his funds. It closed the account with immediate effect. Mr P wants TransferWise to return his money. Mr P would like access to his money and his account reinstated.

What happened

Mr P had an account with TransferWise.

In August 2019 Mr P carried out a number of exchange rate transactions between Euros and another currency. These transactions resulted in Mr P making a gain of around £118,094.32. TransferWise investigated. They froze his account and after investigating closed the account with immediate effect.

Mr P complained to TransferWise.

TransferWise said they were not set up for users to engage in for-profit high frequency conversions but were a commercial retail payments platform.

TransferWise decided that Mr P had breached the terms of the account and their fair use policy by carrying out 1,841 conversions over 13 hours and 48-minute period. TransferWise decided not to release the funds. They blocked the funds in the account and closed it. They later decided to unwind the transactions.

Mr P was unhappy with TransferWise, so he 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 Mr P was able to make a gain of over £119,000. He said he thought Mr P had engaged in speculative trading and TransferWise hadn't done anything wrong by enforcing the terms and conditions.

Mr P said he didn't breach the terms by engaging in speculative trading. The investigator responded that Mr P had to click on the refresh button in order to access the more favourable historical rate and she had refreshed this 9,054 times in 13 hours and 48 minutes.

Mr P said that he didn't know that there was a glitch in the system and he merely refreshed the page to get the best rate. He also said that TransferWise doesn't impose a limit on the number of transactions per day or hour.

As there was no agreement 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.

Mr P says that he hadn't engaged in speculative trading. TransferWise have relied on the following conditions Section 13.3, 15.3; 21.9 and 25.2 in order to block and close the account and withhold funds. I've looked at the terms and conditions to see if TransferWise have applied them fairly.

Under the terms and conditions speculative trading isn't allowed.

Section 15.3 states:

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

The "guaranteed rates" terms and conditions don't allow the use of TransferWise services as a currency trading platform.

Section 13.3 states:

"we offer automatic guaranteed rates on certain payment orders based on the table and subject to the conditions here, which may be changed from time to time"

The terms and conditions for guaranteed rates state:

"Please note that we are not a currency trading platform, accordingly, you should not use our Services for this purpose ... If we detect that you are using our Services for this purpose, we may... suspend or terminate your TransferWise Account."

TransferWise terms allow it to claim losses and close accounts for breach of the Agreement.

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.

Mr P has said that he didn't engage in speculative trading. But I disagree. Mr P has said that he didn't know about the glitch, I'm not sure I believe him but even if that is the case, I think Mr P was more likely than not aware that something wasn't quite right with the exchange rate that was being displayed because he clicked the button to refresh the rate 9,054 times. So, I think Mr P most likely realised that there was a glitch in the TransferWise system that displayed an incorrect exchange rate on their platform. And he decided to exploit it. He spent nearly 14 hours trading to take advantage of this incorrect exchange rate and he made a substantial profit from his actions. So, I think he was using the account as a currency trading platform and he was engaging in speculative trading.

At the time of the closure of the account there was an outstanding balance of 420 Euros. TransferWise have indicated they are willing to release these funds and Mr P should contact them to arrange for the release of these funds to him.

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 Mr P to accept or reject my decision before 30 June 2021.

Esperanza Fuentes
Ombudsman