

The complaint

Mr V complains that TransferWise Ltd closed his account and won't return funds held in the account to him.

What happened

Mr V had a business and a personal account with TransferWise. He has raised a complaint regarding both accounts. This decision will focus on Mr V's personal account. Mr V's complaint regarding his business account will be addressed separately.

In August 2020, TransferWise reviewed Mr V's account. TransferWise that it would take around 60 days for it to complete its review. Whilst it conducted its review it blocked Mr V's access to his account. This meant Mr v wasn't able to access funds in his account. At the time Mr V had around £30,000 in the account.

As part of its review, TransferWise asked Mr V for information about the activity on his account, which Mr V provided. On 17 December 2020, TransferWise let Mr V know that it hadn't yet finished its review and would update him as soon as it could. On 6 January 2021, TransferWise wrote to Mr V again to let him know it was still completing due diligence checks and wasn't able to release his funds to him.

Mr V complained to TransferWise about how long things were taking. He said not having access to his funds were causing him serious financial difficulties and causing him a good deal of stress and worry. TransferWise said it hadn't done anything wrong and were complying with its legal and regulatory obligations in conducting its review. It also said it had closed Mr V's account in line with the terms and conditions. Unhappy with this response Mr V brought his complaint to our service.

One of our investigators looked into Mr V's complaint. She said whilst TransferWise's review had taken some time, she was satisfied that it had done so without any undue delays and had moved things along as quickly as it could. She also said TransferWise hadn't done anything wrong when it closed Mr V's account. Mr V disagreed. He wants TransferWise to release his funds.

As no agreement could be reached 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.

Firstly, the investigator was right to point out that TransferWise has important legal and regulatory obligations it must meet when providing accounts to its customers. These obligations are ongoing, so do not only pertain to when an account is opened. To comply with its obligations TransferWise may need to review an account and/or restrict its customer's access. If it didn't comply with its obligations it could risk serious sanction.

In order to meet these requirements TransferWise is entitled to ask a customer for more information about how they use their account, including payments which are made into an account. And it's not for this service to interfere with the bank's processes. Our role is to see if the bank has made any mistakes and then put the customer back in the position they'd have been in if the mistake hadn't happened.

Having looked at all the evidence, I don't believe it was unreasonable in the circumstances for TransferWise to block Mr V's account and ask him for information about the activity on his account. TransferWise has explained that this was its standard procedure, and I accept that it was. And having looked at all the evidence, I'm satisfied that TransferWise did so in order to comply with its various legal obligations. So, whilst I accept this caused Mr V inconvenience, I can't say TransferWise treated him unfairly when it blocked his account.

The crux of Mr V's complaint is that he says TransferWise have taken too long to complete its review. And he wants TransferWise to release his funds. I do accept that so far it has taken TransferWise a relatively lengthy period of time to review Mr V's account. And that TransferWise have yet to release Mr V's funds. But I don't consider that it would be right for me to conclude it shouldn't have taken in excess of any particular or specific timeframe. Because TransferWise is entitled – as a matter of principle – to do what it did in order to comply with its legal and regulatory obligations. Having looked at the information provided by TransferWise, I'm satisfied that it hasn't been responsible for any undue delays and has been progressing its review as quickly as possible.

I also note that TransferWise spoke to Mr V on more than one occasion about what was happening and explained to him that it was still completing its review and completing its due diligence. I can see that the bank wrote to Mr V on at least three occasions about the review. So, I think TransferWise kept Mr V informed about what it was doing.

I appreciate that Mr V has been inconvenienced by TransferWise closing his account. And he'd like his account reopened. But TransferWise has acted within the terms and conditions of the account. So, it was entitled to close the account as it's already done. And it wasn't required to give him a reason, as much as he'd like to know. So, I can't say TransferWise has done anything wrong by not providing this information to Mr V.

TransferWise can make commercial decisions about who it offers services to. They cannot unfairly discriminate against a customer. But they can say they no longer wish to do business with individuals. That's because they've got the commercial freedom to decide who they want to contract with. And having looked at all the information and circumstances of this case, I'm satisfied that TransferWise has exercised its commercial decision legitimately when it decided to close Mr V's account. So, I can't say TransferWise has treated Mr V unfairly.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 5 July 2021.

Sharon Kerrison
Ombudsman