

## **The complaint**

Mr M complains that eToro (UK) Ltd ('eToro') closed his account without his consent because he wouldn't provide the information eToro asked for.

## **What happened**

Mr M had an account provided by eToro which he opened in 2017.

Mr M said he used the account to trade a few times, and then left some of his positions open but stopped actively trading.

In 2022 eToro asked Mr M for information which it said was to verify his account. It asked for a copy of his passport or government issued identification, a copy of a recent utility bill or bank statement, and a completed form.

Mr M refused to provide what eToro requested because he wasn't actively trading and didn't think eToro needed it if he didn't intend to open any new positions. He said he'd been able to open his account under eToro's terms and conditions without providing what eToro was now asking for.

eToro said its terms and conditions included that once he'd opened an account, eToro would ask for additional information to allow him to use certain functions. And it would ask for identification to comply with its regulatory obligations and verify Mr M's identity. And it said paragraphs 12.9 to 12.11 of its terms said eToro may ask for information from time to time and if Mr M didn't provide the information eToro could freeze, block or close his account.

Mr M didn't provide the information. And eToro closed his account.

Mr M complained but eToro didn't uphold the complaint. It said it had acted according to its terms and conditions and had closed Mr M's account because he didn't provide the information it had requested.

Mr M referred his complaint to this service. He said it couldn't be right for eToro to close his account when eToro had been happy to let him trade with the information it initially had, and he'd opened the account under the terms and conditions that applied at the time. He said he'd agree to provide the information if he planned to make more trades. But because he didn't plan to do that eToro had no right to request information from him and he couldn't see why a trading platform would need passport data. He also said he should be allowed under a grandfathering or legacy clause to continue to hold his positions in his eToro account.

Mr M said that although he'd suffered some loss on the value of his positions, he thought they would've become profitable in time. He wanted eToro either to return his full investment with compensation for distress, or to re-open his account and the positions within it that eToro had closed.

One of our Investigators looked into Mr M's complaint. In summary, he said eToro had acted in line with its terms and conditions which Mr M had agreed to when he opened the account.

He noted that, even though Mr M had provided information when he opened the account, eToro's terms and conditions said it could ask for more information from time to time and that eToro could close his account if he didn't provide the information. The Investigator said there was no grandfathering or legacy clause in eToro's terms and conditions that would allow Mr M to continue holding his account in the way he suggested. The Investigator also noted that the positions eToro had closed were cryptocurrency trades which are unregulated.

Mr M didn't agree with the Investigator's view. Because no agreement could be reached, the complaint was passed to me to review afresh and make a decision.

### **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, for essentially the same reasons as those given by our Investigator. I'll explain why.

I understand Mr M gave eToro information about himself when he opened his account. And so he doesn't see why he should give eToro further information about himself now, particularly given he says he's not initiating any new trades. However, the terms and conditions of the account Mr M had allow eToro to request further information from him '*from time to time*'. This means that – whether or not Mr M is actively making trades in his account – eToro doesn't have to continue to rely on the information given to it at the opening of the account. It may request information at any time. And the terms and conditions say that if Mr M doesn't provide the information that eToro requests '*from time to time*' then it has the option to close his account. So I think eToro acted in line with its terms and conditions when it asked for information and closed Mr M's account after he didn't provide it.

Mr M has acknowledged he agreed to the terms and conditions when he opened his account. But that means he opened the account on the basis that eToro could do what it has now done. The terms at the time said eToro could, in future, request more information and close his account if he didn't provide the information.

I know Mr M feels it can't be legal for eToro to close his account. But the terms and conditions Mr M agreed to when he opened the account form the contract between him and eToro. And that contract gives eToro a legal basis to take the steps it's taken.

Mr M asked why eToro would need the information it's asked for. eToro has said it needs the information to '*verify*' his account as part of its regulatory obligations, including its obligations in relation to money laundering and fraud. As a regulated firm eToro is subject to rules requiring it to have systems and controls in place to identify, assess, monitor and manage money laundering risk, fraud risk and other risks. Part of that involves ensuring customers are who they say they are, and that is something a business will often do by requiring a copy of a government-issued identification document, which is what eToro did on this occasion.

It's up to eToro to decide how to comply with its regulatory obligations. It's not for Mr M to say when eToro should receive the information it thinks it needs from him for that purpose. There can be various reasons why a business will ask customers to provide further or updated identity information – the fact Mr M said he wasn't planning to open any new positions didn't necessarily mean eToro had no regulatory obligations in respect of him and that it didn't need to verify his account. As I've said, I'm satisfied eToro's terms and conditions were set up to allow it to request information from time to time. And I have no

basis to say it was unfair or unreasonable for it to ask Mr M for the information it sought on this occasion.

I'm sorry to disappoint Mr M, but, having considered all this, I've found that eToro has acted in line with its terms and conditions. And Mr M agreed to those terms and conditions as a condition of opening his account. And I don't think it was otherwise unfair or unreasonable for eToro to have closed Mr M's account in the way that it did, in the circumstances of this case. So I won't be asking eToro to do anything.

### **My final decision**

For the reasons I've set out above, my final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 30 April 2024.

Lucinda Puls  
**Ombudsman**