

The complaint

Mr A complains about Wise Payments Limited decision to review his account when he attempted an international transfer.

What happened

In April 2022, Mr A attempted to make a transfer from his Wise account. Following this, Wise restricted Mr A's account while they carried out a review and requested additional information from Mr A. Mr A provided the requested information and continuously chased Wise for an update. Mr A says he had to take out a loan in the meantime due to the amount of money involved, and also sought his own legal representation.

Wise confirmed they experienced internal backlogs which caused some delays but cancelled the transaction and returned the money back to Mr A in May 2022.

Mr A wants Wise to put things right by reimbursing the legal fees Mr A incurred by appointing legal representation, paying the bank charges Mr A incurred by sending the transfer through a different bank, and the call costs associated with trying to rectify the issue.

Our investigator reviewed things and upheld Mr A's complaint. In summary she said Wise were entitled to review the account and ask Mr A for extra information – and she was satisfied they could ultimately cancel the payment. But she did recognise Wise had caused delays and therefore thought Wise should pay 8% simple interest on the funds held to recognise the loss of use, reimburse Mr A for the call costs associated with this issue and pay £100 compensation. Our investigator didn't agree Mr A's legal fees should be reimbursed or the bank charges.

Mr A disagreed. His legal representative on his behalf explained that Mr A had provided all the required information so Wise could have continued with the payment. As Wise acted after Mr A referred his complaint to our service, he feels both the damage and legal costs should be reimbursed. Overall, Mr A requests USD 9,401.15 to put things right.

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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything that Mr A, his representative and Wise have said before reaching my decision.

Wise 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 Wise were acting in line with these obligations when reviewing Mr A's account. Wise are required to regularly review the relationships they hold with their customers and it's often appropriate for certain transactions to be reviewed. In Mr A's case, a payment he made was flagged due to a potential sanctions link. So, I'm pleased to see they decided to carry out a review on Mr A's account. I appreciate Wise asked Mr A additional information, which Mr A complied with by answering the necessary questions. While I'm aware no positive sanctions link was found, that doesn't mean the review was inappropriate. The terms of Mr A's account (specifically section 25) allow Wise to take the appropriate action – so I can't fairly uphold the complaint on this point. I do however agree that Wise caused some unnecessary delays which did have a detrimental impact on Mr A. Mr A answered the final request for additional information on 14 April 2022 – and therefore, I consider at this point, if it weren't for the backlogs Wise were experiencing, the transaction could have been cancelled and returned to Mr A sooner than it was. Therefore, I agree Wise should recognise the loss of use of the funds to Mr A.

I've thought carefully about Mr A's point that Wise could have continued with the transfer – and he feels they have breached their duties by not doing so. I can't fairly agree with this point. Wise are able to decide how they transact and what payments fall in and outside of their risk appetite. Therefore, while I appreciate Mr A's strong sense of feeling around this, I'm satisfied Wise were within their rights. Because of that, I also think Mr A would have always incurred the additional costs by sending the money through another bank – so I can't reasonably ask Wise to pay for this transfer fee.

Mr A decided to seek legal representation to assist him with his complaint to Wise and wants us to consider asking Wise to reimburse these costs. It's important to note that we provide an informal dispute resolution service. Customers don't need representation to make a complaint or bring their complaint to us. I appreciate this was a frustrating time for Mr A and I recognise the impact caused to him. But I've not seen any evidence that Wise directed him to seek legal representation, or it was something he needed to do in the circumstances. As it was Mr A's choice to engage legal representation it follows that it wouldn't be fair to have those costs repaid – and that's because I can't hold Wise liable for them.

Putting things right

In order to recognise the loss of use of funds to Mr A, I consider 8% simple interest should be paid. 8% simple is the current statutory interest rate on judgment debts and therefore, I consider it to be the fairest in the circumstances.

I also consider Wise should reimburse Mr A for the calls made to Wise only after 14 April 2022. I appreciate Mr A made other calls – including those made to our service and the regulator – however we do offer free phone numbers and therefore I can't reasonably ask Wise to pay associated costs for these. Considering the full circumstances of what's happened here, I feel £100 compensation fairly reflects the distress and inconvenience this overall situation has caused Mr A.

My final decision

For the reasons I've explained above, I uphold this complaint.

In order to put things right, Wise Payments Limited should do the following:

- Pay interest at 8% simple per year on the amount they withheld from Mr A. They should calculate this from 15 April 2022 up to the date the money was released back to Mr A.

- HM Revenue & Customs requires Wise Payments Limited to withhold income tax from the above-mentioned interest. Wise should give Mr A a certificate showing how much is taken off if Mr A asks for one.
- Reimburse Mr A with the call costs made to Wise after 14 April 2022.
- Pay £100 compensation for the inconvenience caused.

I'm aware Wise previously accepted our investigator's recommendations – and therefore if they have already paid the above to Mr A, I don't consider they need to pay anything more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 April 2023.

Hayley West
Ombudsman