

## The complaint

Mr S complains that eToro (UK) Ltd ('eToro') restricted his trading account and then closed the account without sufficient explanation. Mr S says he suffered financial loss and distress.

## What happened

In February 2021 Mr S opened an online trading account provided by eToro.

On 10 March 2022 eToro emailed Mr S saying it had restricted his account which meant, amongst other things, that he couldn't make any withdrawals. At the same time eToro asked Mr S to provide recent statements for the bank account he used to fund his eToro trading account, and proof of his salary and rent. eToro asked Mr S to provide the information within 28 days and said his account would remain restricted in the meantime.

Mr S said he provided the information on 16 March 2022 and eToro told him his case was under review. He says he then contacted eToro numerous times but for two months eToro neither told him what was happening nor unblocked his account.

In May 2022 eToro emailed Mr S saying his account would be closed. eToro has said it originally gave Mr S three days to close his open trading positions but it then extended that and gave him one month, after Mr S raised concerns. eToro told Mr S that if he didn't close his positions before then eToro would close them at the market price.

Mr S said he asked eToro to explain why it was closing his account and eToro referred to paragraph 26.5 of its terms and conditions which said the following:

*'We will take reasonable steps to provide you with appropriate notice if we freeze, block, or terminate our Services and/or your eToro account. However, there might be times when we are required to freeze, block, or terminate our Services and/or your eToro account without telling you in advance. We will do this if we reasonably believe that there is a security or regulatory risk, you have breached the Agreement, there is an Exceptional Event, we are required to do so by Applicable Law or by a regulator, and/or there is an application, order, resolution or another announcement in relation to a winding up/bankruptcy in which you are involved.'*

eToro subsequently closed Mr S's positions and his account.

Mr S complained, saying eToro shouldn't have closed his account the way it did. He said he would've closed his positions at a better time if eToro hadn't done what it did, and so eToro had caused him a loss.

eToro didn't uphold Mr S's complaint. In summary it said that, as part of ongoing monitoring of customer accounts following an in-depth investigation, eToro had come to the conclusion that it would no longer provide services to Mr S. And when it closed the account eToro had acted in accordance with its regulatory obligations, laws and procedures.

Paragraph 26.4 of eToro's terms said, *'We may ... freeze, block, or terminate our Services and/or your eToro account if: (a) we decide to stop providing you with Services...'*

Mr S referred his complaint to this service. One of our Investigators looked into it. He said eToro hadn't done anything wrong. He said there's nothing unusual in a business reviewing an account, and there's no set timescale for doing so, and he'd had seen nothing to indicate eToro caused avoidable delays. And he said closing the account was in line with the terms and conditions of the account.

Mr S didn't agree with the Investigator's view. In summary he said he'd provided all the information eToro requested, it was unfair for eToro to do what it did without giving him an explanation, the decision was arbitrary, and he suffered financial loss and distress.

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. I'll explain why.

Regulated financial services firms have important legal and regulatory obligations they must meet when providing accounts to customers. These obligations can be broadly summarised as a responsibility to protect against financial harm. It's common industry practice for firms to review customers' accounts. There are a number of reasons that may prompt a review. The terms of Mr S's account with eToro also permitted eToro to review his account at any time. Following a review, a firm will sometimes decide to close a customer's account. And that's what happened here.

I know Mr S has said he provided all the information eToro asked for. But that doesn't mean eToro was obligated to continue providing services to him. eToro is responsible for ensuring it complies with regulatory requirements and it has the discretion to decide how it will do that and who it will provide services to, just as Mr S has the discretion to decide which business's services he wants to use. Having considered all of the available evidence, I can't say it's unreasonable for eToro to have made the decision it made.

eToro's terms included that eToro could close or block Mr S's account, including in some circumstances without notice, if it decided to stop providing services to him. In this case Mr S was given enough time to manage the closure of his trading positions himself if he wanted to do that. Although he would've liked more time so he could close them at a more favourable price, it wouldn't be fair to expect eToro to keep Mr S's account open indefinitely after it had made the decision to close it. The risk of this happening was made known to Mr S in the terms and conditions of the account.

The terms of Mr S's account also didn't specify that eToro needed to give Mr S a reason to close the account. I know this feels unfair to Mr S – and he's said the decision seems arbitrary. But the terms made clear it was possible eToro could freeze, block or close his account if it decided to stop providing services to him. This was the basis that eToro communicated to Mr S for closing his account. I can't say eToro was required to give Mr S a reason for that decision.

I can understand that Mr S is frustrated by having his account closed against his will and without a detailed explanation. But for the reasons I've given I haven't found that eToro has

treated him unfairly or unreasonably here. So I won't be requiring eToro to do anything.

### **My final decision**

For the reasons I've set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 10 June 2024.

Lucinda Puls  
**Ombudsman**