

The complaint

Company H (“H”) complain Wise Payments Limited (“Wise”) closed its account immediately and did so without notice nor explanation.

To put things right, H want Wise to pay them compensation for loss of reputation, inconvenience, and distress.

What happened

This decision only deals with H’s complaint against Wise. Any complaints raised by any director of H in their personal capacity, are being looked into under a separate reference at this service.

H opened a business account with Wise in August 2022. Following an internal review, H’s account and/or profile was closed on 7 September 2022. H had funds in three separate currency accounts. Wise returned these funds to H in late November 2022.

Unhappy with Wise’s actions, H complained. Wise didn’t uphold H’s complaint. In short it said it had acted in line with the terms and conditions of the account, and regulatory obligations it must follow.

H referred their complaint to this service. One of our Investigator’s looked into H’s complaint. They recommended the complaint wasn’t upheld. In summary, they said Wise closed H’s account in line with its terms and conditions. And that it was done fairly, and in line with fulfilling its legal and regulatory obligations.

H didn’t agree. They say Wise told them to open the account only to close it some 20 days later without any warning. H also argue Wise ought to have given them 60 days’ notice of its intention to close the account.

As H didn’t agree, their complaint has now been passed 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.

Having done so, I’ve decided not to uphold this complaint. I’ll explain why.

Financial businesses in the UK, like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers’ accounts.

Wise is entitled to close an account just as a customer may close an account with it. But before Wise closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Wise and H had to comply with, say it could close the account by giving them at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Wise, I'm satisfied it was entitled to close the account in the way that it has done. Wise have provided this service with information as to why it had concerns, and why it took the actions it did. Having carefully reviewed this, I'm satisfied Wise hasn't acted improperly when closing H's account and in returning its funds in November 2022.

I know H would like an explanation, but I'm aware of no obligation under which Wise must do this. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Wise has provided is information we consider should be kept confidential.

H say this matter has caused them reputational and financial loss. They also say it's caused them distress and inconvenience. I do appreciate this matter would've caused H some difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against Wise given that I don't think it failed to properly follow its own procedures, or did anything wrong, when it closed H's account.

I'd also add that a limited company, as a separate legal entity to a private individual, can't suffer distress. So I'm not going to ask Wise to compensate H for any inconvenience, loss of reputation or financial loss this may have caused.

Lastly, I think Wise did cause delays with carrying out its internal investigation and the actions it was taking. But Wise has explained why it held onto H's funds for as long as it did. Those reasons would not directly impact on when the funds were released to H. In other words, the delays in Wise's investigation would not have led to the funds being released any sooner.

So I'm satisfied, having carefully considered this point, there's reason enough for Wise to have held onto the funds for as long as they did. Because of that it doesn't need to compensate H for the deprivation of funds.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask H to accept or reject my decision before 15 December 2023.

Ketan Nagla
Ombudsman