

## The complaint

Mr B complains Wise Payments Limited unfairly closed his account. He also complains about the exchange rate used to convert his account balance, which he says caused him a financial loss. Mr B wants Wise to compensate him for the exchange rate difference.

## What happened

Mr B opened an account with Wise in September 2022 and started using the account regularly. In October 2022, Wise decided to review how Mr B was operating his account and asked him to provide information about the source of funds in his account. Whilst it completed its review and waited for Mr B to provide the information, Wise blocked Mr B's account. This meant he wasn't able to access the money held in his account, which at the time was just over £6,800.

Wise asked Mr B to provide information on several occasions between 27 and 31 October 2022, but Mr B didn't respond. So, Wise decided to close Mr B's account immediately. Wise wrote to Mr B via email on 31 October 2022, to let him know it had decided to close his account. Mr B responded and provided some information. He also asked Wise to review its decision to close his account. Wise looked at the information Mr B had provided and reviewed its decision to close the account. But decided not to reopen Mr B's account.

Wise asked Mr B to provide account details so that it could refund his balance to him. But Mr B provided his Wise account details instead of an external account. This meant when Wise tried to initiate Mr B's refund it didn't work. And Mr B didn't receive his funds. Wise didn't notice this error until Mr B contacted them trying to find out what was happening with his balance refund.

On 26 November 2022, Wise contacted Mr B and asked him to provide alternative bank details so that it could process his refund. Mr B provided details of an account he held in Pakistan and on 30 November 2022, he confirmed he wanted Wise to send the money to this account in Pakistani Rupees (PKR). Following this, Wise received a report from another bank concerning funds in Mr B's account, which they had to review. Wise completed its review on 1 December 2022 and initiated a new refund to Mr B's overseas account for his account balance, converting his balance from GBP into PKR, and deducted a conversion fee for the transaction.

Unfortunately, the refund was rejected as due to the value of the transaction it was beyond Wise's limit for transfers to PKR at the time. Between December 2022 and February 2023, Wise tried to complete Mr B's refund but due to mistakes, changes to its operational processes and a lack of communication between its internal departments, Mr B's refund was delayed and only completed on 13 February 2023.

The funds held in Mr B's account stayed in PKR as he had provided a PKR account for the refund. Wise didn't convert the funds back to GBP. However, since the refund was completed in February 2023, more than two months later, the GBP to PKR rate changed in the meantime. If Wise had converted the funds on 13 February 2023 instead of 1 December

2023, the amount sent to Mr B in PKR would have been higher due to the change in exchange rate. The difference amounted to just under £1,200.

Mr B complained to Wise. He said he'd lost out financially due to the delays and the whole situation caused him worry and stress. He said Wise should give him the difference in the exchange rates. In response, Wise apologised and accepted it should have completed Mr B's refund sooner than it did. It also accepted that the service it provided Mr B fell short.

Wise offered Mr B 8% interest for loss of use of his funds - £150.75, £150 compensation for its poor service and a refund of its conversion fee of £41.29. Mr B didn't accept Wise's offer and brought his complaint to our service where one of our investigator's looked into what had happened.

After reviewing everything, the investigator said that Wise hadn't done anything wrong when it had blocked and closed Mr B's account. She also thought that Wise's offer was fair and reasonable. Mr B initially accepted what the investigator had said about his complaint. However, he then changed his mind and asked for an ombudsman to review his complaint. He said he'd checked the exchange rates and Wise should refund his balance based on the February 2023 exchange rates. So, he says Wise owes him money.

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.

I'll deal first with Wise's decision to block and review Mr B's account. Wise have important legal and regulatory obligations they must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

Having looked at all the evidence, I'm satisfied that the Wise acted in accordance with these obligations when it blocked and reviewed Mr B's accounts. And asked him for information about how he was using his account. It was entitled to do so under the account terms and conditions. So, I can't say Wise treated Mr B unfairly when it decided to block and review his account.

I've next gone on to consider whether Wise acted fairly when it closed Mr B's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, banking facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank must keep customer or require it to compensate a customer who has had their account closed.

Wise have relied on the terms and conditions of Mr B's account in closing the account. The terms and conditions outline that Wise can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case the Wise closed Mr B's account immediately. For Wise to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that Wise did. So, it was entitled to close the account as it's already done.

The crux of Mr B's complaint is that he says he has lost out financially due to the amount of time taken by Wise to refund his balance to him. He's also unhappy about how Wise handled

things and communicated with him. Mr B says Wise owes him more money due to a change in currency exchange rates.

There's no doubt that a delay was caused in refunding Mr B's account balance by Wise – Wise have admitted that and offered compensation. So, I don't need to make a finding on whether there was a delay and who caused it. But I do need to make a finding on whether the compensation is fair in the circumstances of the complaint.

Mr B has supplied a lot of information, about his current circumstances, and I thank him for that. I'm also sorry that he has not been well. I've read through everything he has provided. And considered what Wise has said about the delays. Having done so, I'm satisfied that there was a delay of nearly two and a half months from 1 December 2022 until Mr B received his funds on 13 February 2023. It's also clear that there was a delay of around a month from the point Mr B's account was closed, and his closing balance should've been sent to him – albeit some of these delays were as a result of Mr B providing incorrect bank account details.

I also agree that Wise's communication with Mr B was poor. Wise told Mr B that his refund would be completed soon on more than one occasion, when it this wasn't the case. As a result Mr B had to go to the trouble of contacting Wise regularly for updates.

Having considered the delays and service provided by Wise, I'm satisfied that the total compensation of £342.04, which includes 8% simple interest on Mr B's balance for loss of use of the funds, a refund of £41.29 for the conversion fee, and £150 for the inconvenience caused by its poor communication, is fair and reasonable.

I say this because Mr B hasn't suggested that the money in his account was to be used for anything that's created a loss. Mr B has also explained that the upset the delay caused was mainly due to loss in exchange rates. I've checked the exchange rate information for 1 December 2022 and 13 February 2023. And I agree that Mr B would have received more PKR if his balance had been converted in February 2023. But I'm satisfied that the date and rate Wise used is fair. I say this because exchange rates change regularly. Wise can't be held liable for the exchange rate fluctuation. I note that Wise converted Mr B's balance with the rate available at the earliest time it could do so – 1 December 2022, and Mr B agreed to this transaction. Since Mr B provided a PKR account for the refund, Wise didn't convert the funds back to GBP, which I don't find unreasonable. I note too that if the rate had gone in the opposite direction, Wise would still have sent the same amount of PKR to Mr B and would not have deducted anything further if the rate had become less favourable in the meantime.

I can understand Mr B's frustration that he feels his money could have been exchanged at a better exchange rate. And I appreciate that Mr B feels he's lost out on a large amount of money as a result of the exchange rate Wise used. But I'm satisfied he is back in the position he would have been in had the delay and poor communication not occurred. And I'm satisfied that the compensation amount offered by Wise takes into account the trouble and upset the delays caused and fairly compensates Mr B for this. So, I won't be asking Wise to do anything more to resolve Mr B's complaint.

### **My final decision**

For the reasons I've explained, I think the offer Wise Payments Limited is fair and reasonable in all the circumstances. So, my final decision is that Wise Payments Limited should:

- Pay Mr B £150 compensation for the trouble and upset caused by its poor service

- Pay Mr B £41.29
- Pay Mr B 8% simple interest on his account balance, which totals £150.75

HM Revenue & Customs require Wise Payments Limited to withhold income tax from the abovementioned interest. Wise should give Mr B a certificate showing how much is taken off if he asks for one.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 1 November 2023.

Sharon Kerrison  
**Ombudsman**