

The complaint

Mr R complains that Wise Payments Limited (Wise) closed his account and didn't return money paid into the account back to him, so he has lost out financially.

What happened

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

Mr R had an account with Wise which he opened in March 2023. Mr R has explained that he opened the account so that he could receive payments from sales of USDT, a cryptocurrency stable coin pegged to the US dollar.

In March 2023, Mr R received three payments of £2,000, £1,050, and £2,100 into his Wise account. Mr R says he received the funds in exchange for the sale of cryptocurrency on a peer to peer order via a trading platform, with an individual I will refer to as H. Following this, Wise deactivated Mr R's account and returned the funds to the sender.

Mr R complained to Wise and asked them to refund the money. In response Wise explained that it had received a fraud report, asking for the funds to be returned. And it had sent the funds back to the victim of the scam and closed Mr R's account in line with the terms and conditions.

Mr R said Wise shouldn't have returned the funds to H because the money belonged to him. He said that he had no idea H had fallen victim to a scam and whilst he had some sympathy with H's situation, it was nothing to do with him. And he is now out of pocket. Wise reviewed its decision but maintained its position.

Unhappy with this response Mr R brought his complaint to our service. He said that Wise should have asked him about the transactions before deciding to send the money back to H. He said if it had done so he would have been able to provide evidence that he was entitled to the money. He says that he hasn't done anything wrong and provided screenshots of the transactions to support his explanation.

An investigator reviewed Mr R's complaint. She asked Mr R to provide evidence of his dealings with H. After reviewing everything she said Wise hadn't treated Mr R fairly when it had sent the money back to H and closed his account immediately. To put things right he said Wise should pay Mr R £100 compensation for the trouble and upset he'd been caused, refund him the money he received from H and add interest for loss of use of these funds.

Mr R agreed. Wise disagreed with the investigator's recommendations. It said it had closed the account and sent the funds back in line with the account terms and conditions. And it provided more information about its decision to return the funds paid into Mr R's account back to source.

The investigator reviewed the information and issued a second view saying that she couldn't share any more information but didn't think the Wise had done anything wrong or treated Mr R unfairly when it had closed his account and sent the money back to H.

Mr R disagreed. He said the money paid into his account was legitimate. He explained that he's been trading in USDT for a number of years and had made a lot of money, far in excess of his monthly income which was round £300. He provided the screenshots of the transactions and maintained that Wise should have spoken to him and provided him with an opportunity to show he was entitled to the money that had been paid into his account. He wants the money returned to him and compensation for the trouble and upset the matter has caused him.

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 would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial 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 that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr R, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for why Wise suspended and closed Mr R's account. Electronic Money Institutions in the UK like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to conduct ongoing monitoring of an existing business relationship. That sometimes means Wise need to restrict, or in some cases go as far as closing customers' accounts.

Wise suspended and closed Mr R's account on 31 March 2023 and have relied on the terms of the account to do so. I've reviewed the terms and conditions of Mr R's account. The terms permit Wise to suspend and close an account. Under section 25.2 they state:

'We may at any time suspend or close your Wise Account and/or end this Agreement without notice if:

- (a) You breach any provision of this Agreement or documents referred to in this Agreement;*
- (b) We are requested or directed to do so by a competent court of law, government authority, public agency, or law enforcement agency;*
- (c) We have reason to believe you are in breach of any applicable law or regulation; or*
- (d) We have reason to believe you are involved in fraudulent activity, money laundering, terrorism financing or other criminal or illegal activity*

Having looked at all the circumstances of this complaint, including how Mr R was using his account and the information Wise has provided which led to their decision, I'm satisfied Wise acted in line with the terms when they suspended and closed Mr R's account. So, it was entitled to close the account as it has already done so, and I can't say it has treated Mr R unfairly.

The crux of Mr R's complaint is that he wants Wise to refund him the money he says he lost as a result of the cryptocurrency he sold to H.

Wise decided to return the funds to H, who'd been the victim of a phishing scam so that H could be refunded. Wise have said it did this on the basis of the outcome of its review of Mr R's account, their legal and regulatory obligations and said the terms and conditions of the account allowed them to do this. The effect of Wise's actions meant that Mr R has lost both the USDT and the money he had expected in payment.

Wise have relied on the terms and conditions of the account to return the money which states under section 14.3 *'the money received in your Wise Account (Received Amount) may be subject to reversal and you agree that we may deduct the Received Amount from your Wise Account if it was reversed by the person who paid you the Received Amount or any relevant payment services provider.'*

Wise had received a report to suggest that Mr R wasn't entitled to the payment from H. The report said that H had been the victim of a scam. However, in his appeal to Wise, Mr R says that he hasn't committed any fraud claim and that he'd legitimately sold H USDT. I can see that as part of his appeal, Mr R submitted screenshots showing his transactions with H for Wise to review, which the investigator forwarded. Following this, Wise maintained that it hadn't done anything wrong when it returned the funds back to H. So, I've looked at the steps Wise took in making the decision, and the evidence it relied on.

I've taken on board what Mr R has said about the transactions and looked at the evidence he has provided that he says shows he is entitled to the money that Wise sent back to H. I do have some concern that this shows what Mr R suggests, I say this because the individual's name on the receipt for each transaction is completely different to H. I've not seen any evidence that Mr R questioned this – which I think would've been a reasonable course of action for him to take given he believed he was dealing with H. And that Mr R has said he is an experienced trader.

Wise has also shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the fraud report H made. Having reviewed everything Wise and Mr R has told our service, I'm satisfied Wise acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. And I'm satisfied that it was appropriate for Wise to return the money. I appreciate Mr R wants to understand more about the reasons for Wise's decision. But Wise isn't obliged to provide an explanation for its decision to Mr R, and it wouldn't be appropriate for me to compel it do so.

In summary I am satisfied that Wise has not acted inappropriately or incorrectly. I realise Mr R would understandably like the funds that were paid into his account returned to him and feels very differently. But based on all the evidence and circumstances of this complaint, I don't believe I can fairly direct Wise to release Mr R's funds.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 4 April 2024.

Sharon Kerrison
Ombudsman