

The complaint

Mrs B complains that eToro (UK) Ltd closed her account with short notice and without providing her with an explanation. Mrs B says this led to financial losses.

What happened

In 2021, Mrs B opened a trading and investments account with eToro.

In May 2023, eToro decided to review Mrs B's account. Following completion of its review, eToro, in accordance with its terms and conditions decided it was no longer able to offer Mrs B its services. And it wrote to Mrs B giving her one months' notice of its intention to close her account.

Mrs B complained to eToro and asked it to provide an explanation why it no longer wanted her as a customer. In response, eToro said it hadn't done anything wrong and was closing the account in line with the terms and conditions and its regulatory obligations. It also said that it wasn't obliged to provide Mrs B with the reasons behind its decision to close her account. And that it would return Mrs B's account balance to her once she provided details of an account, that she wanted the money transferred into.

Mrs B wasn't happy with this response and told eToro that she would lose a lot of money by having her account closed. She explained that she was intending on relying on the money in her account to make investments to secure her financial future. So, she asked eToro to keep her account open. eToro maintained its position and asked Mrs B to provide her account details. In June 2023, eToro transferred Mrs B's account balance to an account she nominated.

Mrs B brought her complaint to our service where one of our investigators looked into it. The investigator asked Mrs B and eToro for more information about what had happened. The investigator didn't uphold the complaint and said that eToro had closed Mrs B's account in line with the terms and conditions and its regulatory obligations.

Mrs B disagreed. She said eToro's actions has cost her a lot of money, so she is now out of pocket. She also wants to know why eToro decided to close her account.

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 eToro 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 Mrs B, but I'd like to

reassure her that I have considered everything she and eToro has said before reaching my decision.

I'll start by setting out some context for why eToro reviewed Mrs B's account. eToro 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.

eToro will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. And that is what happened here.

I've considered the basis for eToro's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied eToro acted fairly by reviewing Mrs B's account and had no obligation to tell her the basis of its concern or forewarn her of its intention. So, I can't say eToro have done anything wrong when it decided to review Mrs B's account.

I've next considered eToro's reason for closing the account. Under the terms and conditions of Mrs B's account and in line with its Acceptable use policy, eToro is entitled to close Mrs B's account. eToro has provided some further details of its decision making process, I'm sorry but I can't share this information with Mrs B due to its commercial sensitivity. But I've seen nothing to suggest eToro's decision around closing Mrs B's account was unfair.

On balance when considering eToro's wider regulatory responsibilities and all the information available to me, I find it had a legitimate basis for closing Mrs B's account and did so in line with the terms and conditions of the account. So, I don't find eToro treated Mrs B unfairly when it closed her account.

I understand Mrs B wants eToro to explain the reason it closed her account. It can't be pleasant being told you are no longer wanted as a customer. And I appreciate that eToro's decision upset Mrs B. But eToro is under no obligation to tell Mrs B the reasons it no longer wants her as a customer as much as she'd like to know. So, I can't say it's done anything wrong by not giving Mrs B this information. And it wouldn't be appropriate for me to require it do so.

I acknowledge that Mrs B feels she has lost money by her account being closed. But as I'm satisfied that eToro haven't acted inappropriately, it wouldn't be appropriate for me to award Mrs B compensation for any financial losses.

In summary, I realise Mrs B will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I can't conclude that eToro have treated Mrs B unfairly. So, I won't be telling eToro to do anything to resolve Mrs B's complaint.

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 Mrs B to accept or reject my decision before 19 April 2024.

Sharon Kerrison

Ombudsman