

The complaint

Mr N complains Wise Payments Limited (trading as Wise) closed his account and sent money that had been paid into his account back to source, which caused him a financial loss.

What happened

Mr N had an account with Wise which he used to trade in cryptocurrencies.

On 28 and 29 June 2023, Mr N received two payments for £2,000 and £500 into his Wise account. The payments were from individuals I will refer to as Mr M and Mr I.

On 29 and 30 June 2023, Mr N attempted to buy crypto currency using his Wise debit-card, with the received funds above. These card payments were declined and are not completed.

At the end of June 2023, Wise decided to review how Mr N was operating his account. Whilst it completed its review, Wise blocked Mr N's account. This meant he wasn't able to access the money held in his account or make any transactions. At the time the balance of Mr N's account was £3,544.44.

Following its review, Wise decided to close Mr N's account immediately and sent him an email on 30 June 2023, to let him know it had deactivated his account. In response, Mr N contacted Wise and asked them to reconsider its decision to close his account. He also asked Wise to return the money in his account back to him and provided his account details so that this could be completed.

Wise reviewed everything but maintained its position to close Mr N's account. On 13 August 2023, Wise returned the money remaining in Mr N's account back to source – a total of £854.44 was returned to other accounts belonging to Mr N. The remaining funds, £2,000 and £500 were returned to Mr M and Mr I, who had paid the funds into Mr N's account on 28 and 29 June 2023. Wise didn't tell Mr N it had returned any money to him or sent Mr M's and Mr I's payments back to them.

Mr N brought his complaint to our service where one of our investigators looked into what had happened. Mr N said that he wants Wise to give him back the money that was in his account. He explained that he believes Wise were keeping the money to make more money. The investigator asked Mr N for some more information about how he was using his Wise account, the payments he'd received and if he had received any of the funds back from Wise. The investigator also asked Mr N to send him a copy of his bank statements to show that he hadn't received any refunds from Wise.

In response, Mr N said he wasn't willing to send the investigator a copy of his bank statements. He said it was up to Wise to prove it had returned the money to him. He told the investigator that he had received some money (around £850) into another account he held, but it had been sent back from an anonymous source and that Wise had never told him it was sending any funds back to him. So, he had no idea if this was money he had in his Wise account.

He explained that he was in severe financial difficulties and provided paperwork to support what he said including that he was being helped by debt management services. He said that Mr M and Mr I had lent him the money to help him with his finances because he was in so much debt. Mr N explained that he was in arrears with his fuel bills, behind on his rent and struggling to make ends meet. So, his friends had lent him some money to help him.

The investigator asked Wise to provide more information about what it had done with the money in Mr N's account. Wise provided documents to show it had returned all the money back to source – it sent money to Mr N, Mr M and Mr I. It explained that it had done this to comply with its legal and regulatory obligations. And that this had been done on 13 August 2023, following completion of Mr N's appeals process after he had raised a complaint.

The investigator went back to Mr N and told him about what Wise had done with the money in his account. The investigator asked Mr N about the £2,500 he had received. Mr N said his friend had sent him the money so he could invest on their behalf, and he would then be paid £500 and give him a loan to help him with his financial problems. Mr N told the investigator that he had repaid his friends and had made a payment of £2,500 from his other bank account. He said if he had known Wise had sent the money back to his friends' he would never have done this. So, he said he is now out of pocket.

The investigator asked Mr N to provide proof of his entitlement to the funds he received from Mr M and Mr I. And to send him his bank statements to support what he'd said about returning the funds back to Mr M and Mr I. In response, Mr N sent the investigators copies of his bank account statements. These showed that Mr N had sent Mr M £2,000 on 12 October 2023. No transaction to Mr I for £500 appeared on the statements.

After reviewing everything, the investigator said that Wise hadn't done anything wrong when it reviewed and closed Mr N's account. He also said that he wasn't satisfied that Mr N had shown he was entitled to the funds that had been sent back to Mr M and Mr I. However, he thought Wise should have returned the remaining balance of just over £850 back to Mr N sooner than it had done. So, he said Wise should pay Mr N £100 compensation for the trouble and upset caused by Wise not telling Mr N where his money had gone and interest for loss of use of the funds between 30 June 2023 and 13 August 2023.

In response to the investigator's view, Mr N said he had received the £2,500 from two separate friends, £2,000 was for him to invest in USD and the other £500 was to help him buy food. The investigator said that he didn't think the evidence supported Mr N's explanation because he had seen that Mr N had tried to transfer the funds out to buy crypto currency using his Wise debit card. And he hadn't provided any evidence to show that he was entitled to the money that was returned to source.

Wise said that it couldn't have released Mr N's funds any sooner than it had done as it was completing its appeals process following Mr N's complaint. It said that as soon as this was completed it released funds back to Mr N – the £854.44. It accepted that it hadn't told Mr N that it had done this and that it had returned the rest of the money in the account back to source – Mr M and Mr I. So, it offered to pay Mr N £130 compensation for the trouble and upset this had caused him.

The investigator said that this was fair. And he explained that Mr N hadn't been able to show that he was entitled to all the money that had been paid into his account. So he wasn't recommending Wise refund him any other money that had been paid into his account. Mr N wasn't happy with this outcome. He said he wants all the money that was paid into his account returned to him. He said he has shown that he returned money to his friends, so he says Wise still owes him money. He also wants compensation and said the investigator was biased.

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.

Firstly, in response to the investigators view, Mr N has said he is concerned that the investigator is biased - with the implication being that Wise is influencing our conclusions inappropriately. Whilst I do recognise his concern, as an ombudsman service our approach is to consider what both parties say and then reach our own independent conclusions on that evidence. That is what we have done in this complaint. If Mr N does not agree with our view, he does not have to accept it, and if he does not accept this final decision, he will be free to continue to pursue his concerns by other means should he wish to do so. I cannot, however, advise him on how to go about doing that.

I'll next deal with Wise's decision to block and review Mr N'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 Wise acted in accordance with these obligations when it blocked and reviewed Mr N's account. It was entitled to do so under the account terms and conditions. So, I can't say Wise treated Mr N 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 N'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 N'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 Wise closed Mr N'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 N's complaint is that he says he has lost out financially due to Wise not refunding him all the money that was in his account because Wise sent money that was paid into his account back to source – in this case, £2000 back to Mr M and £500 back to Mr I. Mr N says Wise owes him £2,500 because he wasn't aware Wise sent these funds back to source, so he repaid Mr M and Mr I out of his own funds.

I will deal first with Wise's decision to send the payments back to source. I've carefully considered the evidence both Mr N and Wise has provided, including how Mr N was operating his account. And what he has told us about the payments. Based on this, and the full circumstances of the complaint, I'm not satisfied Wise's actions were unfair. Ultimately, Wise would have to be satisfied that Mr N wasn't entitled to the money himself to justify returning it back to the original senders.

Having considered all the evidence, I'm not satisfied that Mr N has demonstrated that he's entitled to the money that was paid into his account. I say this because Mr N has provided different explanations for why he received the money in the first place, and he hasn't shown where the money came from. So, I agree that this was the right action in the circumstances, and I'm satisfied that Wise were acting in line with their legal and regulatory obligations when it returned the payments back to source. This ensures the funds are sent back to the correct person. So, I can't say Wise treated Mr N unfairly.

Mr N has said that he is out of pocket because he refunded Mr M and Mr I the money that they paid into his account unaware that Wise had already returned the payments to them. Wise has accepted that it didn't let Mr N know it had sent the payments back to source. And has agreed to pay Mr B £130 compensation recommended by the investigator for any trouble and upset this caused Mr N. Mr N says he wants the £2,500.

Mr N has provided bank statements that he says shows he refunded Mr M and Mr I out of his own pocket because Wise didn't tell him what it had done with the payments. I've looked at the bank statements Mr N has provided, and I can see that Mr N has sent £2,000 to Mr M on 12 October 2023. But I haven't been provided with any evidence to suggest that this was in respect of the payment Wise returned. And I can't see Mr N has sent any money back to Mr I after Wise closed his account and sent the payments back to source.

I also find it odd that Mr N would repay Mr M out of his own funds – as he has suggested – two months *after* he received a refund of £854.44 back into his own bank accounts from Wise. Especially given the financial difficulties Mr N was facing and that he hadn't actually spent any of the money that was deposited into the account by either man. There's no reasonable explanation for why Mr M would do this when the reason Mr N says he borrowed the money hadn't been fulfilled.

Mr N also hasn't provided any evidence to support the arrangements he said he had with Mr M and Mr I, such as any communications he had with them, which I find unusual. This leads me to doubt the credibility of Mr N's version of events. So, I'm not satisfied that Mr N has lost out financially as a result of Wise returning the payments back to source. And it wouldn't be appropriate for me to award compensation for something there is no evidence of.

I do agree with the investigator that Wise's communication with Mr N was poor. Wise didn't tell Mr N what it had done with the money in his account once it had closed the account. And Mr N had to go to the trouble of contacting Wise trying to locate the money that was in his account. So, I am satisfied that Mr N was caused inconvenience and worry.

Having considered the impact this had on Mr N and the overall circumstances of this complaint, I'm satisfied that £130 compensation, for the inconvenience caused by Wise's poor communication, is fair and reasonable. So, I won't be asking Wise to do anything more to resolve Mr N's complaint.

My final decision

For the reasons I've explained, my final decision is that I uphold the complaint in part. To put things right Wise Payments Limited (trading as Wise) should:

- Pay Mr N £130 compensation for the trouble and upset caused by its poor communication.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or

reject my decision before 29 February 2024.

Sharon Kerrison
Ombudsman