

## **The complaint**

Mr S complains that Wise Payments Limited unreasonably blocked his account and that it failed to give him proper information about what verification documents it required, causing him to incur expenses in using alternative payment services and in obtaining such documents.

## **What happened**

Mr S had a business account and a personal account with Wise. In December 2022, Wise requested some additional verification documents from Mr S, which it required by 2 January 2023. In the meantime Mr S couldn't use the account. He was advised which documents were required. Mr S provided a photocard driving licence on 26 December and he was told on 29 December that his ID was verified. This was confirmed to him on 2 January 2023 and he was advised that the account would be unblocked.

Subsequently Wise advised Mr S that the driving licence wasn't satisfactory ID, as it wasn't accepted by the national bank of the country where Mr S's business was registered. It had to cancel transfers Mr S had tried to carry out. On 19 January 2023 Mr S supplied a work visa which was acceptable and Wise unblocked his account on 14 February 2023.

Mr S said that, because of the block on his account, he had to use alternative payment services which charged him higher commission, which he estimated to be \$1,000. Also, in order to obtain a work visa he had to pay for a flight to Southeast Asia and accommodation. He asked for compensation to cover those expenses and for his time and inconvenience. Wise said it had to carry out the verification process but accepted that it was complicated and that its communication with Mr S was not efficient. It offered compensation of \$400.

Wise said that in order to pay \$1,000 for the loss of commission Mr S said he'd incurred, he would need to provide documents to prove those losses.

On referral to the Financial Ombudsman Service, our Investigator initially calculated that, based on Mr S's figures and if he could evidence that loss, he had made a loss of around \$440 which meant that Wise's offer was reasonable.

Our subsequent Investigator noted that Mr S provided the further ID documentation on 19 January 2023. He said that Wise should pay the difference in the commission paid to other providers whilst he wasn't able to use Wise between 26 January 2023 and 14 February 2023, as well as £200 for the distress and inconvenience caused.

Mr S provided documentation and his calculation of his losses, but was unable to provide breakdowns of the fees or the commission rates. But he thought it would be reasonable for Wise to pay \$1,500 financial losses plus £200 for distress and inconvenience.

Wise did not agree and pointed out that, without evidence of the losses, its offer was \$400.

I issued a provisional decision. I said that, bearing in mind the evidence I'd seen, I thought that Wise should pay \$400, or the sterling equivalent and £200 compensation for distress

and inconvenience.

Wise made no comment on my provisional decision.

Mr P did not agree. He said that:

- He had much more losses than the compensation which I approved, but can't prove it using automatic reports from the two payment systems he used.
- He believes that it is a little unfair to approve less amount of compensation, just because he does not have the technical ability to prove the opposite.
- He thinks it would be fair to get official commissions from the two alternative payment services concerned and calculate total sums which he received and sent during this period.

### **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 set out my provisional findings below, in italics:

*“First of all, I've considered the delay and lack of communication surrounding the need for Mr S to supply ID documentation. I see that Mr S's attention has been drawn to the Joint Money Laundering Steering Group's (JMLSG) guidance notes about carrying out Customer Due Diligence (CDD) and Enhanced Customer Due Diligence (EDD). This involved Wise having to carry out ongoing customer verification and business checks. So Wise was justified in carrying out its ID checks on Mr S. Additionally because of his nationality EDD was required in his case, which meant that certain documentation couldn't be accepted.*

*Up until 29 December 2022 Mr S was in the process of obtaining and then providing the required documentation. But Wise had been notified by the relevant bank that the driving licence was not among the documents that it could accept for verification of identity. However Wise advised Mr S that his account could be unblocked and that the ID documents were satisfactory.*

*But Wise blocked Mr S's account again on 5 January 2023. It advised him that only certain documents were accepted. The only document in the list that Mr S could obtain was a work visa. He set about obtaining this, necessitating him flying to Southeast Asia. He provided the documents on 19 January, but the account was not unblocked until 14 February. So there was a period of about a week in late December to early January when Mr S was wrongly given the impression that his account would be unblocked. And, as in my view, once it was in a position to do so, Wise shouldn't have taken more than 7 days to unblock the account, it remained blocked for nearly another three weeks longer than it should have.*

*However, the need for alternative ID was not within Wise's power to change, as it was driven by the bank. So the fact that Mr S needed to obtain a work visa was not Wise's fault. And owing to the requirements I've mentioned above Wise could not unblock the account until it had the appropriate documentation.*

*Turning to the financial losses that Mr S has alleged he made, I think it was reasonable, as a payment service provider (PSP) for Wise to provide its calculations based on the information that Mr S provided concerning his use of alternative PSP's during this period. But it would appear that although Wise could identify some fees for one PSP, it said it was difficult to determine how these compared to its own fees, and what the difference would be, as it was*

*not familiar with that PSP's fee structure. As regards the other PSP that Mr S used, there was no breakdown of the fees charged at all, nor could it see any currency conversions that took place.*

*If Mr S is to justify his financial losses, then I'm afraid it was up to him to produce evidence. I can't award compensation on the basis of what Mr S feels fair. So I think it's reasonable to look at the offer made by Wise. As Wise said, for it to pay \$1,000 Mr S would need to be able to justify that amount of loss. And on the basis of the evidence he has produced, I don't think that Mr S has done that.*

*Wise has offered \$400 without seeing evidence of loss. I see that our first Investigator calculated that Mr S could have made a loss of \$440, but this was using Mr S's estimate of the relevant commission rates. Bearing in mind the evidence I've seen, I think that Wise should pay \$400, or the sterling equivalent and £200 compensation for distress and inconvenience. The latter which I think is reasonable for the few weeks of delay.*

*I can't reasonably award Mr S his costs for travelling to Southeast Asia or for obtaining the work visa there. From the list of documents provided by the bank his only option was to obtain a work visa, and that was not Wise's fault."*

As I said in my provisional findings, if Mr S asserts he made a financial loss then it is up to him to produce evidence of it. He is not being asked to calculate anything he doesn't have the technical ability to do so. Rather he has been asked to produce evidence of the rates of commission charged to him in respect of applicable transactions, so that Wise could calculate that loss. I don't think it's unreasonable to expect him to do that as it appears to me that the rates of commission should be available. I should make it clear that as this service is impartial and doesn't act for either side, it wouldn't be appropriate for us to obtain evidence on Mr S's behalf.

I think that Mr S has been given sufficient time to obtain any evidence that he wanted us to consider. So, I remain persuaded by my provisional findings as set out above. Those findings are now final and form part of this final decision.

### **Putting things right**

Wise should pay Mr S \$400 or the sterling equivalent in respect of his financial losses and £200 compensation for distress and inconvenience.

### **My final decision**

I uphold the complaint and require Wise Payments Limited to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 March 2024.

Ray Lawley  
**Ombudsman**