

The complaint

Ms K complains that Wise Payments Limited closed her account. They sent £5,000 back to source. She would like this money refunded to her.

What happened

The detailed background to this complaint is well known to both parties, so I'll only provide a summary here.

Ms K had an account with Wise.

Ms K received a payment into her account of £5,000. She says she received these funds in return for the sale of cryptocurrency to an individual I will refer to as Mr M.

Following a review Wise blocked her account on 12 October 2022. Wise decided to close Ms K's account with immediate effect and let her know on 24 October 2022.

Wise returned £5,000 to source in 24 November 2022.

Ms K complained about the closure and the return of her £5,000. Wise said they had closed the account in line with their terms and conditions and they had returned funds to source in line with the account terms.

Ms K brought the complaint to our service. One of the investigators looked at the complaint. Ms K provided her with evidence of her dealings with Mr M. The investigator thought she didn't have enough information to be satisfied that Wise had acted fairly when they closed the account with immediate effect. She wasn't satisfied that the return to source was fair. She thought Wise should pay £100 compensation and £5,000 refund and 8% interest from 14 October 2022 when Ms K had lost the use of the funds.

Wise disagreed they said they had acted fairly when they closed the account and returned the funds to source.

As there was no agreement the matter came to me, and I issued a provisional decision.

In my provisional decision I said:

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 Ms K, but I'd like to reassure her that I have considered everything.

I'll start by setting out some context for why Wise suspended and closed Ms K'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 Ms K's account in October 2022, after she received the payment from Mr M. Wise have relied on the terms of the account to do so. I've reviewed the terms and conditions of Ms K'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.

The terms and conditions of the account, which Wise and Ms K had to comply with, say it could close the account immediately in certain circumstances. Having looked at the information Wise has provided this service which led to their decision, I'm satisfied Wise acted in line with the terms when they suspended and closed Ms K's account. So, I'm satisfied it was entitled to close the account as its already done. It follows I won't be asking Wise to pay compensation here.

The crux of Ms K's complaint is that Wise have returned £5,000 which she has said belonged to her to its original source. Ms K told us this was payment for cryptocurrency which she had already released to Mr M. The investigator asked Ms K to provide evidence of this and Ms K provided this service with information supporting that a trade had been made.

Wise have said that their terms allow them to return funds. 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.'

I've taken into account the evidence provided by Ms K as well as other evidence provided by Wise in confidence to this service. I have considered Wise's rationale and its explanation as to how it reached the decision to return the funds in Ms K's account to its original source.

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. I appreciate Ms K will be disappointed with my provisional decision and she may want to understand more about the reasons for Wise's decision. But Wise isn't obliged to provide an explanation

for its decision to Ms K, and it wouldn't be appropriate for me to compel it do so.

In summary I am satisfied that Wise hasn't acted unfairly or incorrectly in returning the funds to source. I accept Ms K will be disappointed as she would like the funds returned to her. But I won't be asking Wise to do anything more here.

Replies to my provisional decision

Neither Ms K nor Wise have made further comments following my provisional decision.

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.

Although Ms K and Wise have not provided any further comments, I have nevertheless re-considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint. I have seen nothing to change my mind and so my provisional findings stand.

My final decision

For the reasons stated above I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 30 April 2024.

Esperanza Fuentes
Ombudsman