

The complaint

Mr D complains that Wombat Invest Ltd closed his investment account and confiscated the referral rewards he'd accumulated.

What happened

In late 2022, Wombat emailed Mr D to tell him that it had decided to close his investment account as he was in breach of the terms and conditions of the account. Wombat later explained that the account was closed as Mr D had placed referral codes meant for family and friends only on referral code websites. Mr D complained to Wombat, and in November 2023 it issued a final response. Wombat didn't uphold the complaint.

Mr D brought the complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator didn't think Wombat had treated Mr D unfairly or unreasonably when it closed his account. Mr D asked that an Ombudsman decides the complaint.

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.

There's no dispute that Wombat closed Mr D's account in late 2022, sold down Mr D's investments and returned Mr D's personal funds. So, my decision has focused on whether it was fair and reasonable for Wombat to close the account, revoke the referral rewards Mr D had been paid and return his personal funds. I understand Mr D will be disappointed but for very much the same reasons as the Investigator, I haven't upheld the complaint. I will now explain why.

The terms and conditions of Mr D's investment account explain Mr D may be rewarded for family and friends he refers to Wombat. The terms and conditions of the account state that referrers – in this case Mr D – may not share their referral code through *“social media, or code-sharing platforms/sites, or any other platform, for the purposes of mass distribution. Referrals are limited to friends and family only.”*

In late 2022, Wombat provided Mr D with evidence that his referral code was found on multiple referral code websites and a specific social media site. Wombat decided that Mr D had breached the terms and conditions of the account. I've seen the evidence Wombat provided to Mr D and the evidence Wombat provided to our Investigator. Having done so, I'm satisfied Wombat conducted reasonable checks to satisfy itself Mr D breached the terms and conditions. Mr D believes that someone may have used his referral codes else, but I'm persuaded by the evidence that rewards from these referrals were added to Mr D's account.

The terms and conditions of the account say that Wombat can terminate Mr D's account and revoke his rewards from the referrals if it considers Mr D has shared his referral code on social media, or any other platform, for the purpose of mass distribution. In this regard, I've decided that Wombat didn't act unfairly when it decided to close Mr D's account based on

the evidence it had at the time. Wombat took what I consider to be reasonable and proportionate action in the circumstances of this complaint and acted in line with the terms and conditions of the account.

My final decision

For the reasons outlined above, I've decided that Wombat Invest Ltd acted fairly and reasonably when it decided to close Mr D's investment account.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 1 May 2024.

Paul Lawton
Ombudsman