

The complaint

Mr S is unhappy with Wise Payments Limited's (Wise) decision to close his account and retain his funds.

What happened

Mr S opened an account with Wise in 2019. The account remained dormant until 2021, when Mr S began depositing money into his account and attempting to send it to an overseas account.

In November 2021, Mr S attempted to transfer just under 2,000 USD which had been paid into his account. Following this, Wise decided to review how Mr S was operating his account. As part of the review Wise asked Mr S to provide identification documents, so that it could complete its account verification process. Wise also asked him to provide evidence of his entitlement to the funds.

In response Mr S provided Wise with his identification and bank statements relating to a US account in his name. Wise looked at the paperwork. The documents Mr S provided failed Wise's verification checks. Following this Wise decided to close Mr S's account immediately.

Mr S appealed Wise's decision to close his account. And submitted the same documentation he'd already provided. He asked Wise to return the balance of his account. Wise maintained its position and said it wasn't willing to reopen Mr S's account. Wise also said it could only return the funds back to the sending bank – back to the person who had paid Mr S.

Mr S wasn't happy about this and said that the money belonged to him having been paid by a third party for freelance work he'd completed. He said that the account the money had been sent from was now closed. So Wise wouldn't be able to send it back to the third party.

The funds bounced back to Wise in September 2023. Wise told Mr S about what had happened. Mr S said that the account the money had originated actually belonged to him and that Wise had misunderstood his previous message. Wise asked Mr S to provide it with proof of account ownership. In response, Mr S sent Wise an email and bank account statement in his name which said that the account had been closed in 2022.

Wise reviewed the information and said it didn't satisfy its checks. So, it asked Mr S to provide a fresh bank statement from the originating bank. It also told him that he could ask the bank to recall the money. Wise didn't receive any new statements from Mr S or a recall. So, it didn't release the funds to Mr S.

Mr S brought his complaint to our service where one of our investigators looked into what had happened. She asked Mr S to provide more information about his entitlement to the money and he provided statements from another account he said he used to receive the funds, to support his explanation that he'd been paid for work he had carried out. The investigator reviewed all the evidence and said that Wise hadn't done anything wrong when it had closed Mr S's account and retained the funds.

Mr S disagreed. He said he has submitted various documents including a number of bank statements from different accounts he had. He maintained that the money belongs to him and was payment for work he'd done. He wants to know what's wrong with the documents he has provided to Wise, and the money released to him.

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 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 Mr S, but I'd like to reassure him that I have considered everything.

I'll deal first with Wise's decision to review Mr S'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 reviewed Mr S's account. And asked him for information about how he was using his account. It was also entitled to do so under the account terms and conditions. So, I can't say Wise treated Mr S unfairly when it decided to review his account.

I've next gone on to consider whether Wise acted fairly when it closed Mr S'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 in closing Mr S's 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 S'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 S's complaint is that he wants the money in his account, which is around 2,000 USD returned to him. He has maintained that this is money he has earned through freelancing work. It seems Wise was willing to release the money to Mr S or return it to the sender if Mr S was able to complete its verification process, which I don't find unreasonable.

I can see that Wise has clearly explained this to Mr S, on more than once occasion. And it told him that this process is its standard procedure. Wise has also told Mr S what it needs him to provide – evidence that he is entitled to the funds. I've seen copies of the various documents Mr S has submitted to Wise in an attempt to get the funds released. So, I'm satisfied that Mr S understands what he needs to do in order to satisfy Wise's request. I'm

also satisfied that Wise has these processes in place in order to comply with its legal and regulatory obligations when providing accounts to customers. So, I can't say Wise have done anything wrong by asking Mr S to provide the documents and verify his identification in order to complete this process.

I appreciate Mr S has supplied a number of documents to Wise on more than one occasion. But Wise has confirmed that the documents provided by Mr S to date aren't acceptable. Having looked at the documents and the information provided by Wise I don't think that is unreasonable. So, it's up to Mr S to now provide the information necessary in order to satisfy Wise's requirements and be sent the funds. This means I won't be directing Wise to release the money to Mr S, that's because based on the evidence I've seen, I'm not satisfied that he is entitled to the funds.

In summary, I recognise how strongly Mr S feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen and circumstances of this case, I can't say Wise have acted unreasonably or treated Mr S unfairly in taking the actions it did.

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 Mr S to accept or reject my decision before 9 July 2024.

Sharon Kerrison
Ombudsman