

## **The complaint**

Mr H complains that Wise Payments Limited ('Wise') closed his account without warning or reason. He wants compensation and to know why it closed his account.

## **What happened**

Mr H had business and personal accounts with Wise for a number of years. All his accounts were closed but this decision is about his personal account.

In March 2023 Wise wrote to Mr H to ask him for a bank statement for an external account so it could see the source of his funds. He says he was told this was a routine check. He said he provided this within 24 hours but, despite this, his account was closed immediately and without a reason in early May 2023.

Mr H said he should have been given a reason as he had, arguably, been tipped off to the possibility of being suspected of money laundering by the account closures themselves, so any further information would not have been prejudicial. He added that Wise should have given him two months' notice before closing his accounts if it wanted to close them for "no reason". He added that the timing of the closures caused him a lot of distress as he had a planned operation he was planning to pay for using his Wise accounts. He had to make other arrangements at short notice.

Mr H wasn't happy about Wise's actions and complained. Wise responded in relation to Mr H's personal account in June 2023 but it didn't uphold the complaint. It confirmed that the account had been closed permanently and said this was in line with its terms and conditions which say it can suspend or close an account without notice in certain circumstances. Nevertheless, it apologised for not issuing its final response in a timely manner and offered Mr H £75 compensation.

Wise issued a further final response in October 2023. It said the account was deactivated following verification checks. It provided further responses to a data subject access request (DSAR) Mr H had made in July 2023 and offered him a further £25 for its delay in providing his bank statements. This was in relation to his business account complaint.

Mr H then brought his complaint to us. He said Wise is under an obligation to provide clear and timely information to its customers when closing their accounts. Before our investigator provided his view, Mr H confirmed he no longer wanted us to consider the way Wise handled his DSAR request.

Our investigator issued an initial view upholding the complaint and increasing Mr H's compensation to £150. Wise hadn't provided us with its reasoning at that stage, so our

investigator had limited information with which to reach his decision. He couldn't say that the immediate closure was fair, and he thought it had caused Mr H inconvenience especially when it came to his operation. He added that he didn't think Wise had to give its reasons for the closure to Mr H.

Wise accepted our investigator's view. Mr H was happy with the compensation but thought Wise should provide its reasons for the closure. He also thought that Wise's terms when it came to suspensions could have more than one interpretation and felt that the most favourable one should be applied to him as the consumer. That would mean that Wise was obliged to provide its reasons for the closure. Our investigator didn't agree there was a dual meaning.

Mr H then asked for an ombudsman's decision. He also clarified that he had declined Wise's £75 offer.

In the meantime Wise provided some of its reasoning to us but it didn't change our investigator's overall view. He said he felt it was entitled to close the account but should have given Mr H two months' notice before doing so.

Wise accepted our investigator's view but Mr H didn't. He thought that if none of the terms which enable Wise to close an account immediately applied, then he should be told the reason behind the closures. He insisted that Wise's terms regarding restrictions could apply to closures and are therefore ambiguous.

The matter was then passed 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.

Wise has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customers, monitor accounts, verify the source and purpose of the funds as well as detect and prevent financial harm.

Wise will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review- doing so helps prevent potential financial loss or other harm that could otherwise result.

Having reviewed all the evidence, including the information Wise provided in response to the investigator's view, I'm satisfied that Wise was acting in line with its legal and regulatory obligations when it reviewed Mr H's account. And I've seen nothing to suggest that its decision around reviewing and blocking Mr H's accounts was unfair.

I should also add that I don't think Wise is under any obligation to disclose to its customers what triggers a review of their accounts. For this reason, I can't say that it's done anything wrong by not giving Mr H this information. And it wouldn't be appropriate for me to require it to do so.

Wise wrote to Mr H in May 2023 to say that it had decided to close his account with immediate effect.

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 a customer or require it to compensate a customer who has had their account closed.

Under its terms and conditions, Wise can close an account with two months' notice or immediately in certain circumstances including where the customer was abusive, they failed to cooperate in an investigation, they've provided false information etc.

In this case, as I said above, Wise closed the accounts with immediate effect. For Wise to act fairly here it needs to meet the criteria to apply its terms for immediate closure. Having looked at those terms and all the evidence I'm not satisfied that Wise did. I have looked at the reasons Wise provided in support of its decision, but I am not persuaded that the terms that apply to immediate closures applied here. So, I don't think it was entitled to close the account in the way it did and I agree with our investigator that it should have given Mr H two months' notice. Wise has since agreed with our investigator's view so I take it it accepts notice should have been given. Though, for reasons I gave above, I've decided not to ask it to reopen the account I think it should compensate Mr H for the distress and inconvenience he suffered as a result of the immediate closure.

Mr H said that he had a pre-booked operation which was due to take place after his account was closed. He said he was planning on using his Wise account to pay for it but had to make alternative arrangements. Mr H has provided documents in support of this, and I agree that the sudden closure would have caused him a certain amount of distress and inconvenience. I think the £150 awarded by our investigator is fair and reasonable in the circumstances and in line with awards we would make in similar situations.

I appreciate Mr H would like to know the reason why his account was closed. He says that because the terms that applied to immediate closures didn't apply to his case as it's a "non-crime" closure, then Wise had no reason to withhold information about his account closure from him. Our investigator said that Wise was under no obligation to provide this and I agree. And though Wise may have provided us with some of its reasoning, this was done confidentially which means we won't be able to share that with Mr H.

Mr H said that Wise's terms and conditions state that if it suspends or restricts an account it will give its customer notice and the reasons behind this unless it would be unlawful or compromise its security measures. Our investigator didn't think this term applied as Mr H's account was closed immediately and not restricted or suspended. Mr H said a closed account is also a restricted account and that the relevant term is sufficiently ambiguous to be interpreted in his favour.

I have considered Mr H's argument but I'm afraid I do not agree with him in this case. The reason for this is because Wise also uses terms such as "terminate" and "close" when it refers to closures in its terms and conditions. So, I think if its intention was for the term Mr H has referred to to apply to closures, it would have used the word "closure" or "termination". Wise's terms also mention that it can take actions such as "suspending" an account during which time the account and profile will remain open but may not be operated or be subject to restrictions. And that it may "close" an account and terminate access to services which will mean the account will be deactivated and/or the customer's profile will not be available. I think this shows that in the context of Wise's terms and conditions a suspension or a restriction is different to a closure. And for the same reasons I don't agree that this term is ambiguous. I should add that if Mr H's account had been closed with two months' notice, this would have been also without restrictions and so I don't think the terms that apply to restrictions or suspensions would have applied in that case either.

I appreciate it is very frustrating for Mr H not to know the exact reason why his account was closed and I appreciate he will be disappointed with my decision. But for the reasons I've given I don't think Wise needs to do anything else in this regard.

### **My final decision**

For the reasons above I have decided to uphold this complaint. Wise Payments Limited must pay Mr H £150 compensation overall for the distress and inconvenience it caused him by closing his account without notice. If it has already paid Mr H the £75 it had previously offered him then it must only pay the remaining £75.

Wise Payments Limited must pay the compensation within 28 days of the date on which we tell it Mr H accepts my final decision. If it pays later than this it must also pay interest on the compensation from the deadline date for settlement to the date of payment at 8% a year simple.

If Wise Payments Limited considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr H how much it's taken off. It should also give Mr H a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 25 September 2024.

Anastasia Serdari  
**Ombudsman**