

## **The complaint**

Mr W complains that Wise Payments Limited withheld access to funds after it closed his account.

## **What happened**

Mr W had an account with Wise. In July 2020, Wise froze Mr W's account. It says he was using the account for speculative currency trading – which it says is against the terms and conditions. As such, Wise says it is entitled to keep the profits from the currency trading. In February 2021, it returned £264,017 to Mr W and others it says were involved in the trading. Mr W and his representatives claim the remaining balance – he's worked this out to be £257,400.11.

I issued my provisional findings on 22 April 2024. I said that based on what I'd seen, I wasn't minded to tell Wise to do anything further. I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

"Mr W's account allowed him to hold electronic money in any of the currencies supported by Wise from time to time. For a fee, Mr W could convert the money held in one currency into another. The terms and conditions explained that the exchange rate would either be the mid market exchange rate for the relevant currency pair as provided by Wise's rate provider or in some circumstances – a rate that was guaranteed for a specified period of time.

"There were, however, limits on the use of the account. Clause 15.3 of the terms and conditions states:

'You agree that you will not use our Services for speculative trading'.

"Clause 21.9, meanwhile, sets out the consequences for a breach of the agreement:

'21.9 You are liable for breaking this Agreement or applicable laws. In the unlikely event of loss or claims or costs and expenses arising out of your breach of this agreement, any applicable law or regulation and/or your use of our Services, you agree to compensate us and our affiliates and hold us harmless. This provision will continue after our relationship ends.'

"The agreement allows Wise to remove any amounts owed from the balance, if available.

"Finally, Wise's website included conditions relating to guaranteed rates. At the relevant time this stated

'Please note that we are not a currency trading platform, accordingly, you should not use our Services for this purpose.'

“With all this in mind, I’m satisfied that Wise is able to suspend and close an account and recover its losses where a customer uses its service for speculative currency trading.

“In this case, Mr W says he was using the account to hedge currency risk. He claims he’d borrowed money from his wife at the time of Brexit, and that the funds in his accounts steadily grew as a consequence of major transactions with favourable guaranteed rates. Wise, meanwhile, has identified over 400 transactions it says Mr W and others made with a view to profiting off currency exchange transactions – adding together to over £30 million in total. Based on the statements I’ve seen, money was paid into an account with Wise, and then transferred back and forth between different currencies a number of times before being withdrawn or paid to a third party. And having been withdrawn, the funds would sometimes then return to the original account a short while later.

“Based on what I’ve seen, I’m satisfied Mr W was engaged in speculative currency trading. The main use of the accounts seems to be to circulate the same balance again and again with a view to generating profits. I don’t accept that this arrangement could plausibly be characterised in any other way.

“For these reasons, I’m satisfied that the terms and conditions allowed Wise to block and freeze Mr W’s accounts and recover the profits he’d made – at Wise’s expense – as a result of the arrangement. I’ve therefore gone on to consider what this means for Mr W and the return of the remaining balance.

“I note Wise initially returned £264,017.89 to Mr W’s representatives. Since then it has offered to return a further €2,954.03 which it says reflects a discrepancy arising from currency conversions. Mr W’s representatives originally claimed a further £257,400.11 – which it planned to distribute among the various people involved in the scheme. More recently they’ve said that, based on the differences between the amounts deposited and the amounts received, that they should get €66,891.55 and US\$53,100.26.

“I’ve carefully considered the points Mr W has raised. But I’m not persuaded I could award these amounts as part of this decision. In particular, the rules I must follow say that I can only consider complaints that arise out of a number of listed relationships with the business – most relevantly here, where the complainant is a customer of the business. I cannot consider losses suffered by or make awards to third parties.

“This is significant here as the arrangement involved payments between a number of third parties. These include companies Mr W controls, as well as what appear to be friends and family members. Payments were routed through the accounts of these companies and third parties – and along the way these funds were mixed.

“But in this decision I could only award Mr W the losses he suffered personally. I would not take into account losses suffered by his companies or third parties. Based on what I’ve seen, there was around €130,000 remaining in accounts controlled by Mr W at the point Wise blocked closed the account. But over €150,000 came from his company, not Mr W. The remaining funds were withdrawn by Mr W in July 2020. And as to the US dollar balance Mr W has mentioned, all these funds appear to belong to his company, not him.

“With all the above in mind, I’m not going to tell Wise to do more. I’m satisfied Wise applied the terms and conditions correctly when they took action to freeze and close the account and recover its losses. It follows I won’t be asking them to do anything

further.”

I asked Mr W and Wise to make any further comments by 20 May 2024.

Neither Wise nor Mr W have sent me anything further to consider. I have considered the complaint afresh.

### **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.

Neither Mr W nor Wise have sent me anything further to consider. I reach the same conclusions for the same reasons.

### **My final decision**

I don't uphold the complaint and I'm not telling Wise Payments Limited to do more.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 21 June 2024.

Rebecca Hardman  
**Ombudsman**