

The complaint

Mr I complains that eToro (UK) Ltd closed his account and won't reinstate his positions.

What happened

In late October 2023 Mr I saw an email from eToro saying that his account had been closed.

Mr I complained to eToro who investigated but didn't uphold the complaint. eToro said they had placed a pop-up message on his account that was visible when he logged in online and had also emailed him about some verification documents they required. Because the documents hadn't been provided they closed his account. They offered a payment of \$100 to cover any differences should Mr I want to reopen the trades that had been closed.

Remaining unhappy Mr I brought his complaint to our service where one of our Investigators looked into what happened. They thought the terms and conditions allowed eToro to ask for the documentation, to contact Mr I by email, and to close the account due to the lack of response. So they thought eToro had acted fairly and that the \$100 was a sufficient way to resolve the complaint.

Mr I disagreed saying it was difficult for him to decipher genuine emails from possible scam or junk messages. He thought the \$100 offer was insulting as some trades had increased in value.

Because an agreement couldn't be reached the matter has come to me for a 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.

Mr I has provided a lot of information about his complaint and it's clear how strongly he feels about what happened. I want to assure Mr I that I've read and considered everything that has been provided even if I don't mention it all in detail. I've summarised some things which reflects the informal nature of our service.

Businesses like eToro request identity documentation from customers to fulfil their regulatory duties. This is done when an account is first opened but also from time to time when the account is open, especially for online businesses like eToro due to the type of accounts customers have.

The terms and conditions of the account explain this saying *We may from time to time, require additional information and/or documents.*

The terms and conditions go on to say that if the requested information is not provided *we may freeze, block, or close your eToro account.* Which is what happened here.

So I think eToro acted in line with the terms and conditions when asking for the documents and also when closing the account when they weren't provided within the time limit.

But when coming to decision I also need to consider if eToro acted fairly and reasonably when applying the terms and conditions. And having looked at what happened I'm satisfied they did.

eToro notified Mr I of the required documentation using two methods: a pop-up notice on his account and also by email.

The pop-up message shows when a customer logs into their account and must be viewed before proceeding. Having seen a copy of the notice that was displayed it makes clear that documents are needed to meet the regulatory requirements. It also said that the information must be provided within fourteen days, or the account would be limited.

eToro put this pop up notice on Mr I's account on 8 September 2023 so he would see it when he logged in. eToro didn't hear from Mr I so they sent an email to his usual address on 16 October 2023 – this was some five weeks after the pop up notice was placed on the account. So a longer time was given than explained in the notice.

The email gave Mr I another seven days to provide the documentation and said if it wasn't provided then the account would be closed. So in total there was around six weeks notice given of the requirements before the account was closed.

I think the seven days notice in the email is a short period of time and perhaps eToro could've given a slightly longer time. However in these particular set of circumstances I don't think a longer time period would've made a difference. Mr I says he didn't see the email as he doesn't have time to trawl through every email he receives. So even if a longer notice period was given it wouldn't have made a difference as Mr I didn't read the email when it was received.

The header of the email read *Important Information regarding your trading account*. So I think eToro made clear the importance of the contents of the email.

After looking at how eToro made Mr I aware of the situation I'm satisfied they acted fairly and reasonably. eToro used two different methods to contact Mr I and both the pop up message and the email made sufficiently clear what was required and the consequence of not meeting those requirements.

Mr I says that he has accounts with other businesses who write to him with important information and he thinks eToro should've done the same here.

eToro are an online platform and from what I've seen all previous communication was done by either a pop up message or email. And I've not seen anything to show that communication was requested in writing.

When dealing with the complaint eToro said it was possible for Mr I to reopen the trades that had recently been sold should he choose to do so. They explained it wasn't possible for them to open trades on his behalf. To help with this they offered a payment of \$100 to cover any differences should he choose to reopen his trades. The offer was made in USD\$ as that is the currency in which the trades had been held.

By making this offer eToro was allowing Mr I to put himself back in the position he was in before the account was closed if he reopened the trades. I think this was a fair thing for them to offer under the circumstances.

Having carefully considered everything that happened I'm satisfied eToro acted fairly and reasonably and that the \$100 offer is a fair way to resolve the complaint.

Putting things right

eToro (UK) Ltd should pay Mr I USD \$100.

My final decision

eToro (UK) Ltd has already made an offer to pay Mr I USD \$100 to settle the complaint and I think this is fair in all the circumstances.

So my decision is that eToro (UK) Ltd should pay Mr I USD \$100.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 28 January 2025.

Warren Wilson

Ombudsman