

The complaint

Mr N complains that Wise Payments Limited ("Wise") suspended online access to his multi-currency account for three days resulting in him not being able to make payments or receive money. Mr N is unhappy Wise won't lift all the restrictions until he provides additional documents to verify his ID including biometric information.

What happened

Mr N has held a multi-currency account with Wise since 2012 which he started using more consistently from 2019. Wise first verified Mr N's account in April 2019 when Mr N provided a photo of his provisional driving licence.

On 26 March 2024 Mr N received two emails from Wise. One explained that Wise needed a few details from Mr N before money he was expecting from the USA could be received into his account. Wise say that the last time Mr N received a third-party deposit to his USD account was in 2021 and as the account details changed at the end of 2023 it needed further verification to be completed before processing the payment.

The other email requested Mr N verify his ID using his phone to provide facial verification by taking a photo of his ID documents being held next to his face. Mr N started the process and uploaded a photo of the front and back of his ID but exited the process when a selfie was requested to complete the process.

Being a long-time customer of Wise and as none of his details had changed, Mr N responded to Wise saying that he did not agree with its forced biometric verification requirement. Mr N asked for alternative ways of completing the verification process based on documentary evidence of ID and address such as his Voter Authority Certificate which has a photo and address which Wise wouldn't accept.

Wise said that if Mr N didn't follow the verification request, he wouldn't be able to receive payments into his Wise account. Mr N then asked about Wise's complaints procedure but Wise failed to respond and following this Mr N's account was suspended.

Mr N raised a complaint about all this with Wise on 30 March. Wise responded to Mr N's complaint on 6 April and didn't uphold his complaint. It says its terms of use state to allow a customer to use its services it is required by law to conduct certain security and customer due diligence checks. Furthermore, its customers agree to comply with any request from it for further information and provide such information in a format acceptable to it. Wise also gave information on the timelines of verification once it had all the information to complete the process.

Mr N was dissatisfied with this and so brought his complaint to this service. Mr N complains that it has never been explained why this additional verification is needed and wants to understand why. Mr N has concerns about the privacy of his data and so doesn't want to provide this.

Although Mr N's account is no longer suspended, Mr N's account continues to be partly restricted in that he is still unable to receive money in USD.

Wise say it previously only needed to ensure a customer had provided a proof of ID, but regulations have changed and are now more detailed and so for verification it requires at least a photo of the customer taken on their smart phone holding their ID or ID with liveness. This is where a customer has to take a photo of their ID front and back and then take a photo of themselves during the verification process and can be completed via a computer webcam.

Wise said it failed to inform Mr N that he could complete the ID with liveness process on a laptop with a webcam as an alternative to using a smartphone and that there is no other alternative to having to provide a photo of oneself along with photos of the front and back of ID. It says until the verification requirement is fulfilled Mr N will not be able to receive third party deposits to his USD account.

Following bringing his complaint to this service Wise offered Mr N £100 compensation as it didn't feel it had properly addressed Mr N's queries.

Mr N didn't wish to accept Wise's offer because it would still leave him with restrictions imposed on his account meaning he would still be unable to receive funds in USD. Mr N doesn't understand why he can't just provide standard verification rather than biometric verification. Mr N has asked for an ombudsman's 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.

I hope that Mr N won't take it as a discourtesy that I've condensed his complaint in the way that I have. Ours is an informal dispute resolution service, and I've concentrated on what I consider to be the crux of the complaint. Our rules allow me to do that. And the crux of this complaint is regarding the service received from Wise regarding the request for Mr N to verify his identity and its processes surrounding this. In particular, Mr N is unhappy Wise has asked to verify his identity with a photograph of himself and that it won't lift the restrictions on his account until this is done.

As we are not the regulator, I don't have the power to tell Wise how it needs to run its business and I can't make Wise change its systems or processes – such as when it is required to conduct due diligence checks or how they are carried out. This is simply not something I can get involved with. Nor can I say what procedures Wise needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service, and we have no regulatory or disciplinary role. If Mr N has questions about the regulations Wise follow he should address this to Wise directly or raise this with the regulator – in this case the Financial Conduct Authority.

That said I don't think it is unreasonable for Wise to carry out due diligence checks from time to time on customers in order to ensure it meet its regulatory requirements. I appreciate this does cause some inconvenience to Mr N and other customers, but I'm sure most would understand this is needed not only to protect businesses against criminal activity, but also their customers.

I understand Mr N is unhappy as Wise has already verified him and doesn't see the need or reason why he should have to do this again. But regulations change with time as does technology. And businesses are now able to carry out more thorough checks on customers

identity which in turn reduces the risk of fraud, money laundering or other criminal activity. So I don't think it's unreasonable for Wise to adapt its processes to cater for this.

Nor do I think Wise have been unreasonable in the information it asked for or the process it asked Mr N to follow when supplying it. I understand Mr N is concerned about the security and privacy of his data. But Wise as well as it being under an obligation to request and retain this information, is also under an obligation to ensure that this is done in a secure way and I haven't seen any evidence Wise have made any mistakes in this regard. Furthermore, as Wise operates online and doesn't have a physical location it is not possible for it to verify in person that an identity document matches the customer. So, I don't think Wise has treated Mr N unfairly or done anything wrong here.

And because Mr N refused to provide Wise with the requested information so it could verify him, I don't think Wise did anything wrong in restricting Mr N's account when it did. This is allowed for under its terms of use and I don't think it would be fair to punish a business for complying with what it deems necessary to meet its regulatory obligations.

So overall I don't think Wise has treated Mr N unreasonably or unfairly when it asked him to verify his identity or when it applied restrictions to his account.

However, Wise have agreed it didn't provide the service it should've in that it didn't give detailed responses to Mr N's queries including its complaints procedures and completing the ID with liveness process and so offered Mr N £100 compensation which I think is fair. I accept that this will be disappointing for Mr N as he wants all restrictions lifted so he can fully utilise his account. But Wise hasn't made a mistake in following its procedures and have now explained the alternatives Mr N has for verifying his ID - which I understand Mr N is able to do if he so wishes and have the restrictions lifted.

So it follows that I think Wise's offer of £100 compensation is fair for the service Mr N received.

My final decision

For the reasons I've explained, I think Wise Payments Limited offer of £100 compensation is a fair way to settle Mr N's complaint and I direct it pay this now.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 6 November 2024.

Caroline Davies
Ombudsman