

The complaint

Mr T complained eToro (UK) Ltd ('eToro') unfairly closed his account and his trading positions because he temporarily moved to a different country.

What happened

Mr T had a trading account with eToro which he used to trade various financial instruments. When he opened the account Mr T was living in a country I'll refer to as Country A. He later moved to a country I'll refer to as Country B where his wife had taken employment. He's told this service his stay in Country B was to be temporary.

On 31 January and 14 February 2023 eToro wrote to Mr T and asked him to provide proof of his address and explain why he'd been logging in to his account from Country B.

On 15 February 2023 Mr T told eToro his wife was now employed in Country B and he was residing in Country B at that time. He said he had a Country B phone number although his Country A number was still valid. And he would upload his new address to a link eToro had provided for that purpose, although he remained a national of Country A.

On 23 February 2023 eToro wrote to Mr T saying the following:

'...we are offering our trading services worldwide. However, due to regulations conflicting with the trading laws of the country you reside in, eToro is not able to supply services in [Country B].

Due to residing in [Country B], your account must be refunded and closed ...'

eToro said it would close Mr T's account in three months and in the meantime he couldn't make any deposits or open new trades but he could make withdrawals and adjust or close his open positions until his account was closed. It said if Mr T didn't close his positions before his account was closed eToro would close them for him.

Mr T said he was sad to end his relationship with eToro and asked whether he could transfer his shares to another broker and whether he could withdraw funds to a Country B bank account after liquidating his cryptocurrency positions.

On 28 February 2023 eToro said it wasn't possible to transfer any positions from eToro to another platform. And eToro reserved the right to send withdrawn funds to the original payment method used to deposit funds in the account, and withdrawn funds had to return to the country from which they were deposited.

On 14 March 2023 Mr T asked for an additional three months to manage closing his positions and withdrawing funds. He said he'd travel to Country A in August to make arrangements with his bank there. eToro said it would postpone closing the account until 23 August 2023.

On 10 July 2023 Mr T asked for a further six months, which would mean his account would remain open until 23 February 2024. He said he'd begun closing positions but faced

significant losses on certain trades due to the state of the cryptocurrency market – and he wanted to be able to close positions at a more favourable time.

On 17 July 2023 eToro said it would provide another three-months extension but it would grant no further extensions after that. It now planned to close Mr T's account on 23 December 2023.

On 14 December 2023 Mr T complained to eToro. He asked: *'why if my account which was opened in [Country A], and all my KYC is applicable to that location, and that even though I'm based in [Country B] for a temporary period my account is to be closed'*? He asked to know the legal and regulatory reasons for eToro's decision to close his account. And he said it wasn't in his interests for the account to be closed and eToro should bear in mind his trading strategy.

On 20 December 2023 eToro replied to Mr T's complaint. It stood by its decision to close his account. And it said, in summary, the following:

- eToro was a regulated entity and had several countries and jurisdictions in which it couldn't provide services or accept new accounts.
- eToro had extensively reviewed Mr T's case and concluded it couldn't continue offering services to Mr T because it didn't offer services in Country B.
- It would close his account on 25 December 2023.

Mr T replied saying the following, in summary:

- He'd opened his account in Country A and had complied with the requirements that applied there to give eToro information about himself. He was currently residing in Country B, but that was temporary and his account remained based in Country A.
- Mr T was a platinum account holder and dedicated user, but eToro hadn't told him what the implications would be for his account of his temporary stay in Country B. The implications weren't made clear in eToro's terms and conditions.
- Abrupt closure of his account would crystallise substantial losses on Mr T's cryptocurrency positions. He wanted eToro to give him 9 months from 25 December 2023 in which to close his positions so he could do so in an orderly manner and at better rates.
- eToro hadn't given a sound legal justification for closing his account or a sound basis for its view on where his account was domiciled.

On 26 December 2023 eToro reiterated what it had previously said. It added that information about the geographical restrictions on eToro's service was available on eToro's website under *'Is eToro blocked in my country?'* The page said, *'Due to regulatory requirements and business decisions based on risk management considerations, we can no longer offer the eToro investment platform to new users in the following countries and territories...'* It provided a list of countries and territories which included Country B.

Mr T replied the same day saying he'd referred his complaint to this service. And he asked to be given until August 2024 to close his positions. eToro said it would postpone closing the account until 12 January 2024.

On 15 January 2024 eToro told Mr T it would allow no more extensions. On 16 January 2024 eToro closed Mr T's open positions. In February 2024 Mr T told this service eToro had closed his account.

One of our Investigators looked into Mr T's complaint. He didn't think eToro had done anything wrong. In summary he said the following:

- eToro had included on its website that it couldn't offer services in Country B.
- eToro was entitled to make business decisions and act in a way that complied with its regulatory obligations.
- eToro gave Mr T substantial time to close his positions before closing them for him.
- eToro's terms and conditions, which were current at the time and had last been updated in January 2021, allowed eToro to do this. In particular section 26 of the terms and conditions said eToro could freeze, block and terminate services if it decided to stop providing services to Mr T. And it would take reasonable steps to provide appropriate notice before doing that unless it perceived a risk, breach or exceptional event which justified immediate closure without notice.

Mr T disagreed with the investigator's view. In summary he said eToro had failed to adhere to various regulatory standards because of the following:

- eToro was wrong to rely on information available online without directly telling Mr T what impact his move to Country B would have.
- eToro hadn't shown that Mr T had accepted any terms that said services would be restricted in Country B, and without his acceptance any such terms were unenforceable. The onus was on eToro to show it had made reasonable effort to inform Mr T of the terms.
- eToro should've considered Mr T's individual circumstances and assessed the risks that were specific to those circumstances, and it should've responded to those risks proportionately.
- eToro should've given Mr T a detailed explanation of the factors leading to the closure of his account and a comprehensive rationale with potential alternatives explored and opportunities for Mr T to mitigate eToro's concerns.

Because no agreement could be reached, this complaint was passed to me to review afresh and make 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.

Having done so, I'm not upholding the complaint. I'll explain why.

The purpose of this decision is to set out my findings on what's fair and reasonable, and explain my reasons for reaching those findings, not to offer a point-by-point response to every submission made by the parties to the complaint. And so, while I've considered all the submissions by both parties, I've focussed here on the points I believe to be key to my decision on what's fair and reasonable in the circumstances.

It's clear the terms and conditions of Mr T's account allowed eToro to close Mr T's account if it decided to stop providing services to him. And Mr T had to agree to the terms and conditions to open his account with eToro. On this basis I'm satisfied eToro made Mr T aware that it was possible it might decide to stop providing services to him, and that if it did so it had the power to close his account. The terms and conditions also said at section 4 under '*Limitations to our Services*' that eToro couldn't accept applications from and wouldn't provide services to customers in certain countries including Country B. And that was the case even if the customer wasn't ordinarily resident in Country B.

So I think the terms and conditions gave eToro the discretion to make the decision it made, and the existence of that discretion would've been clear enough from the terms and conditions. The terms and conditions made clear enough that eToro might decide to close Mr T's account and that moving to country B was likely to mean eToro would decide to stop providing services to him. And I have no basis to say Mr T didn't agree to eToro's terms and conditions when he opened his account – agreeing to the terms and conditions is a standard requirement for opening trading accounts such as the one Mr T held with eToro.

I don't accept that eToro should've given Mr T more proactive and personalised information about the impact that moving to Country B would have for him. It wouldn't be reasonable for eToro to pre-empt the moves each of its customers might decide to make. Its terms and conditions and website made clear enough that services weren't necessarily available in all countries. And it's reasonable that a customer who was thinking about moving would make further enquiries if they were unsure what that would mean for their personal circumstances.

I'm also satisfied that in the circumstances of Mr T's complaint, eToro's use of its discretion wasn't unfair or unreasonable. eToro had clearly identified Country B as a location in which it couldn't provide services. So Mr T's presence in Country B over an extended period gave eToro a reasonable basis to think its services were no longer appropriate for him. And to leave Mr T's account open while he resided in Country B represented a risk to eToro that eToro wasn't obligated to take.

I understand Mr T wanted eToro to find a mutually agreeable solution that would allow him to keep his account open. But eToro wasn't obligated to do that – and I don't think it was unfair for eToro not to do that. Businesses are entitled to decide who they will do business with – just as consumers may choose which business's services they would like to use. And a financial services provider such as eToro must comply with legal and regulatory requirements which vary from country to country. Providing trading services to consumers living in Country B is a regulated activity in Country B. And if eToro wasn't licensed by Country B to provide those services there, then it was reasonable for eToro to stop providing services to Mr T when he was living Country B.

Although Mr T has said his relocation to Country B was only temporary, I haven't seen that he told eToro what the duration of his stay there would be. He didn't, for example, give eToro a date by which he would cease living in Country B. So, on balance, I think eToro acted reasonably in deciding it wouldn't bear the risk of providing an account to Mr T after he moved to Country B.

I'm satisfied the notice eToro gave Mr T was consistent with the terms and conditions of his account. And I'm satisfied it was generally reasonable because it gave him many months in which to manage the closure of his positions. I understand Mr T had positions that were running at a loss and so he was reluctant to close them during the notice period. But I don't think that means eToro acted unfairly. eToro didn't cause Mr T's loss – if closing his positions would cause him a loss that meant the value of the positions had fallen. Selling the positions would simply crystallise that loss. But Mr T could've sought to open the same positions with another broker if he chose, if he felt he could benefit from future movements in

the markets. So I don't think the potential losses that Mr T faced were enough reason for eToro not to close his account in the way it did.

In making this decision I've considered the regulatory requirements that apply to eToro, including the principles Mr T mentioned in relation to communication, fairness and having regard to Mr T's interests. For the reasons I've set out I don't find that eToro has failed to act in accordance with the relevant principles in the circumstances of this complaint.

Overall as I've said I can understand Mr T's dismay at crystallising losses on his trading account against his will, and losing access to eToro's services. But I can't say eToro has treated him unfairly or unreasonably on this occasion. So I won't be asking eToro to do anything.

My final decision

For the reasons I've set out above, my final decision is that I'm not upholding the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr T to accept or reject my decision before 14 March 2025.

Lucinda Puls
Ombudsman