

The complaint

Mr B complains that Wise Payments Limited (Wise) closed his account and didn't return money paid into the account back to him, so he has lost out financially.

What happened

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

Mr B had an account with Wise which he opened in 2017. Mr B has explained that he opened the account so that he could receive payments from sales of USDT, a cryptocurrency stable coin pegged to the US dollar. He also said he used the account to send and receive money from his family and friends.

In October 2023, Mr B received two payments totalling just over €2,500 into his Wise account. Mr B says he received the funds in exchange for the sale of cryptocurrency on a peer to peer order via a trading platform. The proceeds of the sale were paid into another account Mr B had, which I will refer to as R. Mr B then moved the funds into his Wise account.

Following this, Wise reviewed how Mr B was using his account. The end result of the review was that Wise decided to deactivate Mr B's account and return the funds to R.

Mr B complained to Wise and asked them to refund the money to him. In response Wise initially told Mr B that it had returned the funds to R, leading Mr B to believe it had gone back to his own account. However, when Mr B checked his account with R, he found out that this wasn't the case. So, Mr B contacted Wise again and asked them to review things.

Wise reviewed everything again and explained that it had received a request from R to return the money that had been paid into his account. So, it had returned the remaining funds in account which was, € 478 to R. It explained that this was in line with the terms and conditions of the account. It also said it wasn't willing to reopen Mr B's account. Wise apologised for initially giving Mr B wrong information about where it had sent the money and paid him £50 to recognise any inconvenience this may have caused him.

Mr B wasn't happy with this response. He said Wise shouldn't have returned the funds to R because the money belonged to him. And he is now out of pocket. Wise reviewed its decision but maintained its position.

Mr B remained unhappy, so he brought his complaint to our service. He said that Wise should have asked him about the transactions before deciding to send the money back to R. He said if it had done so he would have been able to provide evidence that he was entitled to the money. He says that he hasn't done anything wrong and provided screenshots of the cryptocurrency transactions to support his explanation to this service.

An investigator reviewed Mr B's complaint. After reviewing everything he said Wise hadn't treated Mr B fairly when it had sent the money back to R and closed his account. To put things right he said Wise should pay Mr B £100 compensation for the trouble and upset he'd been caused, refund him the money he received from R and add interest for loss of use of these funds.

Mr B agreed. Wise disagreed with the investigator's recommendations. It said it had closed the account and sent the funds back in line with the account terms and conditions. And it provided more information about its decision to return the funds paid into Mr B's account back to source.

The investigator reviewed the information and issued a second view saying that he couldn't share any more information but didn't think the Wise had done anything wrong or treated Mr B unfairly when it had closed his account and sent the money back to R.

Mr B disagreed. He said the money paid into his account was legitimate. He explained that he's been trading in USDT and is now out of pocket. He said that the screenshots of the cryptocurrency transactions he'd provided showed that the money Wise returned to R belonged to him. He wants the money refunded to him and says he's not interested in having his Wise account reopened.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Wise has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr B, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for why Wise closed Mr B's account. Electronic Money Institutions in the UK like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to conduct ongoing monitoring of an existing business relationship. That sometimes means Wise need to review, or in some cases go as far as closing customers' accounts.

Wise closed Mr B's account on 28 October 2023 and have relied on the terms of the account to do so. I've reviewed the terms and conditions of Mr B's account. The terms permit Wise to suspend and close an account immediately. And that's what happened here.

Having looked at all the circumstances of this complaint, including how Mr B was using his account and the information Wise has provided which led to their decision, I'm satisfied Wise acted in line with the terms when they reviewed and closed Mr B's account. So, it was entitled to close the account as it has already done. And I can't say it has treated Mr B unfairly.

The crux of Mr B's complaint is that he wants Wise to refund him the money he says he lost as a result of Wise sending the balance of his account back to R.

Wise decided to return the funds to R and have explained it did this on the basis of the outcome of its review of Mr B's account, their legal and regulatory obligations. It also said there is provision in the terms and conditions of Mr B's account which allowed them to do this. The effect of Wise's actions means that Mr B has lost both the USDT and some of the money he had expected in payment.

Wise have relied on the terms and conditions of the account to return the money which states under section 14.3 *'the money received in your Wise Account (Received Amount) may be subject to reversal and you agree that we may deduct the Received Amount from your Wise Account if it was reversed by the person who paid you the Received Amount or any relevant payment services provider.'*

Wise had received a report from R asking for the money paid into Mr B's Wise account to be reversed. I've taken on board what Mr B has said about the transactions and looked at the evidence he has provided that he says shows he is entitled to the money that Wise sent back to R. I do have some concern that this shows what Mr B suggests, I say this because the individual's name on the receipt for each transaction is completely different to the person Mr B was dealing with on the trading platform. I've not seen any evidence that Mr B questioned this – which I think would've been a reasonable course of action for him to take given he believed he was dealing with certain individuals, yet he was receiving payments from others for selling cryptocurrency. And that Mr B has said he is an experienced trader.

Wise has also shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the request R made. Having reviewed everything Wise and Mr B has told our service, I'm satisfied Wise acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. And the terms of Mr B's account. So, I'm satisfied that it was appropriate for Wise to return the money. I appreciate Mr B wants to understand more about the reasons for Wise's decision. But Wise isn't obliged to provide an explanation for its decision to Mr B, and it wouldn't be appropriate for me to compel it do so.

Finally, Mr B says Wise gave him wrong information about what it had done with the balance of his account. So he had to contact R to try and work out where the funds went. Wise has accepted it gave Mr B wrong information and paid Mr B £50 compensation to recognise any trouble and upset he was caused. Since Wise has already agreed and paid this, I do not need to decide whether Wise acted fairly. I believe £50 compensation is enough to compensate Mr B for any inconvenience he may have suffered as a result of Wise giving him incorrect information. So, I won't be asking Wise to do anything more to resolve this aspect of Mr B's complaint.

In summary I am satisfied that Wise has not acted inappropriately or incorrectly. I realise Mr B would understandably like the money that was paid into his account returned to him and feels very differently. But based on all the evidence and circumstances of this complaint, I don't believe I can fairly direct Wise to refund any money to Mr B.

My final decision

For the reasons I've explained, my final decision is that I do not uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 4 October 2024.

Sharon Kerrison
Ombudsman