

The complaint

Mr D complains that Wirex Limited (Wirex) 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 D was a customer of Wirex. He held digital wallet for pounds sterling (a fiat wallet) and a wallet for USDT, a cryptocurrency.

Mr D has explained that he used the account so that he could receive payments from sales of USDT, a cryptocurrency stable coin pegged to the US dollar.

In October 2023, Mr D received six payments totalling just over £2,000 into his fiat wallet. Mr D says he received the funds in exchange for the sale of cryptocurrency on a peer-to-peer order via a trading platform.

Following this, Wirex reviewed how Mr D was using his account. The end result of the review was that Wirex decided to deactivate Mr D's account and return the payments to source.

Mr D complained to Wirex and asked them to refund the money to him. He said the transactions were legitimate and because of Wirex's actions he had lost out financially. He said he had no way of recovering his funds as he no longer had any contact details of the people he traded with.

Wirex reviewed everything again and explained that it had returned the funds back to source to comply with its legal and regulatory obligations. It also said it wasn't willing to reopen Mr D's account.

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

Mr D remained unhappy, so he brought his complaint to our service. He said that Wirex should have asked him about the transactions before deciding to send the money back to source. 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 a spreadsheet of cryptocurrency transactions he said he made to support his explanation.

An investigator reviewed Mr D's complaint. After reviewing everything he said Wirex hadn't treated Mr D fairly when it had sent the money back to source and closed his account.

Mr D 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 wants the money refunded to him.

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 Wirex 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 D, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for why Wirex reviewed and closed Mr D's account. Electronic Money Institutions in the UK like Wirex, 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 Wirex need to review, or in some cases go as far as closing customers' accounts.

Wirex closed Mr D's account on 24 October 2023 and have relied on the terms of the account to do so. I've reviewed the terms and conditions of Mr D's account. The terms permit Wirex to suspend and close an account immediately.

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

The crux of Mr D's complaint is that he wants Wirex to refund him the money he says he lost as a result of Wirex sending money in his account back to source.

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

Wirex have relied on the terms and conditions of the account to return the money which states under section 15 'If you breach these Terms in any manner we may, in our sole discretion, take the following actions:

- Contact and/or warn third parties in connection with your actions, including other users, your bank or card issuer, law enforcement or regulatory bodies;
- Refuse to complete transactions.
- Fully or partially reverse a transaction or exchange.

I've taken on board what Mr D has said about the transactions and looked at the evidence he has provided that he says shows he is entitled to the money that Wirex sent back to source. But I've also looked at the information Wirex has shared with our service in confidence.

Wirex has explained its rationale in weighing that information and it's demonstrated how it reached its decision to send the payments back to source. Having reviewed everything Wirex and Mr D has told our service, I'm satisfied Wirex 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 D's account. So, I'm satisfied that it was appropriate for Wirex to return the money. I appreciate Mr D wants to understand more about the reasons for Wirex's decision. But Wirex isn't obliged to provide an explanation for its decision to Mr D, and it wouldn't be appropriate for me to compel it do so.

In summary I am satisfied that Wirex has not acted inappropriately or incorrectly. I realise Mr D would understandably like the funds that were 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 Wirex to refund any money to Mr D.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 18 March 2025.

Sharon Kerrison
Ombudsman