

The complaint

A company, which I'll refer to as C, complains that Wise Payments Limited, trading as Wise, closed their Wise account immediately and with no explanation. C would like compensation and an explanation for the closure of their accounts. Ms D, who is a director of C, brings the complaint on C's behalf.

What happened

I sent C and Wise a provisional decision in September 2024, in which I set out the following background information to the complaint:

Ms D held several personal and business accounts with Wise, including for C, a Limited Company of which she is the Director. Ms D has also brought a separate complaint about Wise's closure of her personal account to the Ombudsman Service. I've considered this complaint in a separate decision.

On 18 July 2023 Wise contacted Ms D as representative of C, to ask for some information about how they were using and funding C's account. Specifically, they asked Ms D to describe C's source of funds, how C would be using the account, expected monthly volumes of transactions and to provide any non-Wise bank statements for C. Ms D responded to that C was a holding company for a hospitality business, and she would be transferring different amounts via the holding company to move money in and out of the hospitality business. Ms D also provided an account statement for a recent large deposit from a savings account.

Wise weren't satisfied with Ms D's responses, and on 19 July Wise decided to immediately close C's Sterling and Euro account and informed C of the closure. Ms D appealed this decision. Wise rejected the appeal and informed C they needed more time for checks before returning C's funds. Wise returned C's funds on 19 September 2023.

Ms D complained to Wise who responded that they felt they had acted fairly in closing C's account, but offered compensation of £50 in apology for the delay in dealing with their complaint. Ms D was unhappy with this outcome and raised C's complaint to the Financial Ombudsman.

One of our Investigators looked into the complaint. Our Investigator asked Wise for some information about why they had closed C's account, but they initially did not reply. The Investigator found that the complaint should be upheld in full as Wise had not provided information to demonstrate that they were complying with their terms and conditions when closing the account or given a reason for the delay in returning the funds. They awarded C 8% interest on the restricted funds from 20 July to 19 September to reflect the delay in returning her funds, and an additional compensatory amount of £100 for C's inconvenience.

Ms D accepted this outcome on behalf of C. Wise rejected the view – in response they provided evidence explaining why they closed C's account and an explanation for why the funds weren't returned until 19 September 2023. The Investigator then changed their outcome. On reviewing the new evidence the Investigator thought that Wise provided sufficient evidence to show they acted fairly in closing C's account. But they still thought

Wise should have returned C's funds sooner. They recommended that Wise pay C 8% interest on C's funds from 21 July to 4 September 2023.

C accepted the outcome but Wise did not. They responded that while they recognise the delay was inconvenient, they have regulatory and legal requirements on them to undertake checks before releasing funds, and they felt the amount of time taken to complete them was appropriate and in line with their service standards.

As such the case was passed to me to review. After reviewing the case I noted that I was not planning on upholding C's complaint, or asking Wise to do anything further. Because I was considering a different outcome to the outcome reached by our Investigator, I issued a provisional decision. I invited both parties to respond with new information that they wanted me to consider before I made my final decision. Wise didn't respond further. Ms D did respond on behalf of C. She noted that she was very disappointed with the provisional decision. She reiterated that she did not think it was fair that she had not been provided with an explanation of why C's account had been closed.

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 set out the following analysis in my provisional decision:

Wise are subject to lots of regulatory and legal responsibilities and businesses will often review accounts, and potentially close them, to ensure they meet these responsibilities. Wise are entitled to decide who they would like to do business with, much as a customer is, as long as they act fairly, comply with their terms and conditions and don't discriminate against their customers. I've reviewed the information provided by Wise giving their reasons for closing C's account and my assessment is that the closure of the account was fair and in line with the terms and conditions of the account. I appreciate C would like to know the reasons why Wise closed their account, but I'm afraid Wise aren't required to share this with them.

Ms D is unhappy with the amount of time it took Wise to return C's funds. Wise argue that they have met their internal service standards and so should not have to provide compensation. I don't dispute that Wise have met their own service standards, but on its own this isn't enough to say Wise have acted fairly. A business can meet its internal service standards but still act unfairly towards a consumer. Instead, I need to consider if Wise have evidenced why C's funds weren't returned until September. I have looked for evidence that Wise were actively taking steps to undertake their checks and return C's funds promptly. I can see evidence that Wise were doing so in September, but Wise have not provided enough evidence to show it was actively working on the case before then. As such I can't say it was fair for Wise to take as long as they did to return C's funds.

But it doesn't automatically follow that I must award C interest for that period. I have to consider all the circumstances and information surrounding C's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

I appreciate Ms D would want to understand what evidence I am using to make this determination. However, Wise has provided information that I am treating in confidence, a power available to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook. DISP 3.5.9R states:

"The ombudsman may:

(1) exclude evidence that would otherwise be admissible in a court or include evidence that would not be admissible in a court;

(2) accept information in confidence (so that only an edited version, summary or description is disclosed to the other party) where he considers it appropriate; ..."

I appreciate Ms D will be disappointed by the provisional outcome I've reached, but having considered this information, in the context of all the evidence and arguments I do not consider awarding interest for the dates specified to be a fair and reasonable outcome. As such, I am not requiring Wise to pay 8% interest on the funds in C's account.

For the reasons I've outlined above I'm not planning to ask Wise to do anything further.

I appreciate why Ms D was disappointed with my provisional decision and why she would like to know the reasons why Wise closed C's account. However, while Wise have a responsibility to share these reasons with the Ombudsman Service, I'm afraid Wise aren't required to share these with C. So I don't think that her response changes my view.

Having considered Ms D's response, I see no reason to depart from my provisional decision. So I won't be upholding the complaint, or asking Wise to do anything further here.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 29 October 2024.

Katy Grundy
Ombudsman