

The complaint

Ms G complains that eToro (UK) Ltd unfairly restricted her account and then closed it with short notice and without providing her with an explanation. Ms G says this led to financial losses.

What happened

The facts of the complaint are well known to both parties, so I will only provide a summary of the key points.

Ms G held a trading and investments account with eToro.

In late January 2024 eToro decided to review Ms G's account. As part of this review eToro asked Ms G for some specific details. This included proof of ownership of the account that funded Ms G's eToro account, details of her income, and for details on specific payments into Ms G's account from individuals.

Ms G and eToro were in correspondence for some time after this initial request with Ms G providing some details, but also asking for clarification around what was required from her. During a phone call in May 2024 Ms G provided some details regarding the source of her income and Ms G confirmed she had uploaded savings account statements again. Ms G said the request for various documents was causing her stress and she wanted to close her eToro account.

In May 2023, eToro suspended the account whilst it continued its review. eToro also asked for outstanding information and more details from Ms G whilst the account was restricted. Following completion of its review in late May 2024 eToro, in accordance with its terms and conditions decided it was no longer able to offer Ms G its services. eToro explained Ms G could close her open trading positions within 31 days of the email so the funds can be returned to her.

Ms G raised a formal complaint about eToro's decision to restrict and then close her account. Ms G says closing her positions would result in significant losses. She asked eToro and asked it to provide an explanation why it no longer wanted her as a customer. In response, eToro said it hadn't done anything wrong and was closing the account in line with the terms and conditions and its regulatory obligations. It also said that it wasn't obliged to provide Ms G with the reasons behind its decision to close her account.

Following its response to Ms G's complaint eToro confirmed the account would be closing, but due to Ms G's concerns about the losses she could incur this was extended twice. At the end of September 2024 Ms G's account was closed, and the funds were released to Ms G in mid-September 2024.

Ms G brought her complaint to our service where one of our Investigators reviewed it. The investigator asked Ms G and eToro for more information about what had happened. The Investigator didn't uphold the complaint for the following reasons:

- eToro was entitled to review, restrict and close Ms G's account in line with the account terms and its legal obligations.
- The process was understandably frustrating for Ms G but there wasn't evidence to say eToro had acted unfairly.
- eToro set out to Ms G clearly what it required for its review.
- eToro didn't have to wait for Ms G's positions to break even before closing the account.

Ms G disagreed. She said eToro's actions had resulted in stress, worry and financial loss. Ms G provided more evidence and submissions to support her complaint. In particular Ms G explained the poor communication from eToro and confusing process in place had a detrimental impact on Ms G and her ability manage her account. Ms G reiterated that she co-operated with the account review and eToro failed to clearly manage the process and explain why the account was reviewed and then closed.

As no agreement could be reached the matter has come to me – an ombudsman – for a final 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 can see detailed submissions have been provided about the complaint and circumstances by Ms G. I'm also aware that I've summarised this complaint briefly. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here and the issues Ms G has reiterated her concerns about. If there's something I've not mentioned, it isn't because I've ignored it. This simply reflects the informal nature of our service.

I am sorry to see Ms G has had cause for complaint. I don't underestimate the worry and anguish this situation has caused, and also the stress of dealing with the complaint about it. Having looked at the complaint fully, my review of the evidence has led me to the same overall conclusions as the Investigator previously set out and for much the same reasons. I will explain why.

Firstly, I think it's important to highlight 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 eToro 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 Ms G about the review carried out by eToro, but I'd like to reassure her that I have considered everything she and eToro have said before reaching my decision.

I'll start by setting out some context for why eToro reviewed Ms G's account. eToro 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.

eToro will review accounts to comply with these responsibilities. It's common practice for banks and other financial service providers to restrict access to accounts to conduct a review - doing so helps prevent potential financial loss or other harm that could otherwise result. And that is what happened here. eToro has provided evidence to explain why it reviewed and then restricted Ms G's account – and I'm unable to share the specifics of this evidence. But I consider the basis for eToro's review and restriction to be legitimate and in line with its

legal and regulatory obligations. So, I'm satisfied eToro acted fairly by reviewing Ms G's account and had no obligation to tell her the basis of its concern or forewarn her of its intention. So, I can't say eToro have done anything wrong when it decided to review Ms G's account.

eToro's review of Ms G's account involved obtaining additional information from Ms G regarding the source of funds within the account and the account activity. I can see there was a great deal of correspondence between eToro and Ms G about the information required. A key part of Ms G's concerns is that she co-operated with eToro and provided extensive information. I've considered the correspondence in detail and the timeline of events. I agree Ms G provided some information to eToro, but I can see what was provided wasn't sufficient for eToro to complete its review. I can see eToro clarified on a number of occasions the information it needed, and as time went on Ms G explained she found the on-going requests stressful. I appreciate Ms G may have found the requests extensive, but looking at the information requested, I think the requests were reasonable and proportionate. The requests clearly set out what was needed, and I can't see that the communication was poor or particularly confusing. So I'm satisfied eToro provided Ms G with ample opportunity to satisfy the evidential requirements it had.

Ms G says the restriction of the account wasn't communicated to her, and this resulted in her being unable to transact on the account and protect her position. In its correspondence with Ms G in the months leading up to the restriction eToro explained that if Ms G wished to continue using eToro services without limitations then the requested information would be required. The emails sent had clear time frames, and I can see there were instances where Ms G was chased for a response and deadlines were extended. Ms G says the communication from eToro was poor as its requests were vague and it failed to specify what exactly eToro was trying to establish. However, I think eToro explained the information it needed to Ms G clearly, and it wasn't required to provide details around why each piece of information was required. I think the general explanation that the information was needed in order to meet its regulatory duties was sufficient.

I've next considered eToro's reason for closing the account. Under the terms and conditions of Ms G's account and in line with its Acceptable use policy, eToro is entitled to close Ms G's account. eToro has provided some further details of its decision-making process, I'm sorry but I can't share this information with Ms G due to its commercial sensitivity. But I've seen nothing to suggest eToro's decision around closing Ms G's account was unfair. On balance when considering eToro's wider regulatory responsibilities and all the information available to me, I find it had a legitimate basis for closing Ms G's account and did so in line with the terms and conditions of the account.

Ms G says the closure of her account has resulted in losses of over £75,000. Ms G says the position of the trades meant she incurred these losses, which could've been avoided had eToro provided her with more information, such as when her account would actually close. I understand Ms G's deep concern with the losses she has outlined. However, I don't think these are losses eToro can be held responsible for. Once its decision to close Ms G's account was made eToro provided Ms G with a timeframe for her to review her positions and that it would be returning the funds held within the account to source. I can see Ms G asked eToro to hold off closing her negative positions until they were positive again. Due to Ms G's concerns, I can see eToro delayed the closure by one month to help Ms G manage her positions.

Following the extension Ms G says she was unable to withdraw the funds from her account. The notes from the time suggest eToro was able to release funds, but only to the account where they had originally come from. I appreciate Ms G's frustration with this, but this is standard procedure when an account is closed, and often businesses will return funds to

source. Ms G continued her communication with eToro during this period and I can see a further extension was granted to Ms G giving her another month to manage her positions.

Although Ms G had closed some of her positions, some remained open as Ms G wished to break even. The existing positions were closed by eToro in early September 2024. Based on the evidence I've seen I think eToro took reasonable steps to assist Ms G. I understand Ms G wanted to break even on all her positions, but there was no timeframe when this would happen, and as Ms G is aware, there was also a chance this wouldn't happen given the nature of investments. I'm satisfied eToro made allowances and provided Ms G with additional time in light of impact the issue was having on her. However, the overriding factor was that eToro had decided to end its relationship with Ms G and the account couldn't feasibly remain open for many more months given this decision had been made.

Ms G says the communication from eToro was disjointed and she had to deal with multiple individuals. Looking at the contact between Ms G and eToro I can see she was in touch with various individuals – however, this is standard with large organisations, and I wouldn't have expected Ms G to have one point of contact throughout the process. I also haven't since instances where the service fell below reasonable levels, and I consider eToro's dealings with Ms G to be professional and clear.

Ms G has also raised concerns about how eToro conducts its business and the information it provides customers. It is the role of the Financial Ombudsman Service is to resolve individual complaints and to award redress where appropriate. We do not perform the role of the industry regulator and it is not our role to comment on how businesses conduct their operations. That's the role of the regulator, the Financial Conduct Authority (FCA). For these reasons I won't be responding to Ms G's concerns about the way eToro operates on a general level and its procedures.

Ms G says this matter has caused her financial loss, distress, and inconvenience. I do appreciate this matter would've caused her difficulty. But having looked at what's happened in this particular case, I can see no basis on which I might make an award against eToro given I don't think it's done anything wrong. So, I'm not going to ask eToro to compensate Ms G.

I know this will not be the outcome Ms G was hoping for and she will be disappointed with the decision I've reached. I hope it provides some clarity around why I won't be asking eToro to take any further action.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 6 March 2025.

Chandni Green
Ombudsman