

## **The complaint**

M, a limited company complains that Wise Payments Limited unfairly closed its account without providing a proper explanation. M adds that Wise took too long to release its closing account balance. This led to financial losses and inconvenience.

M's complaint has been brought to our service by Mr A, its director.

## **What happened**

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr A had two accounts with Wise – a personal account and business account.

I am aware that Mr A has raised complaints about both of his accounts. This decision will focus on Mr A's complaint about his business account. Mr A's complaint about his personal account will be dealt with separately.

In October 2023, Wise decided to review M's account. Following this it decided to close the account immediately. Mr A discovered that Wise had deactivated his account, when he tried to log into his account. He contacted Wise to try and find out what was happening, but Wise wouldn't give him much information. Mr A appealed Wise's decision and said he needed access to M's account and the money in it to run his business. At the time this was just over £30,000.

In response, Wise said it had closed M's account in line with the terms and conditions of its account. And said it wasn't prepared to reopen M's account. It also said it wasn't obliged to provide Mr A with an explanation about why it no longer wanted to provide account facilities to M.

Due to resourcing issues and having to complete due diligence checks on M's account balance in order to comply with its legal and regulatory obligations, Wise didn't release M's balance until March 2024. Wise apologised for any inconvenience this delay had caused M and offered to pay 8% interest on M's account balance for loss of use of the funds.

Mr A remained unhappy and brought M's complaint to our service where one of our investigators looked into what had happened. Mr A told our service that M's losses had been catastrophic. Mr A said M had lost out on business to the value of around £140,000, because it couldn't pay suppliers for goods. Mr A also said that M's reputation had been damaged. So, he wants Wise to pay him substantial compensation.

After looking at all the evidence the investigator didn't uphold M's complaint. In summary he said Wise had been complying with its legal and regulatory obligations when it had closed M's account. And didn't have to provide Mr A with an explanation for why it no longer wanted M as a customer. The investigator said Wise had taken a long time to return M's closing balance to Mr A but didn't think awarding M compensation was fair.

Mr A disagreed. He said he wants Wise to cover M's financial losses and pay substantial compensation for the inconvenience M suffered. And for loss of reputation with his suppliers.

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

Wise has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. This sometimes leads accounts being closed, and funds in accounts being withheld from account holders. The terms and conditions of M's account also make provision for this.

I've considered whether Wise acted fairly when it closed M's account. It's generally for banks and financial businesses to decide whether or not they want to provide, or to continue to provide, account facilities to any particular customer. Unless there's a very good reason to do so, this service won't usually say that a bank or financial business must keep customer or require it to compensate a customer who has had their account closed.

I should also explain that Wise is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Wise should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide account services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Wise have relied on the terms and conditions when closing M's account. I've reviewed the terms and they explain that Wise can close an account for any reason by giving two months' notice. In certain circumstances, Wise can also close an account without notice, which is what has happened here.

For Wise to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence that the bank has provided, including the information Wise has provided to this service in confidence, I'm satisfied that Wise did. And that it was entitled to close M's account as it's already done. So, it would not be appropriate for me to ask Wise to pay M compensation since I don't find Wise acted inappropriately when it closed its account. And I won't be asking Wise to reopen M's account.

I understand of course why Mr A wants to know the exact reasons behind Wise's decision to close M's account, other than what he's been previously been told. And I can see that Mr A has asked Wise to explain itself on several occasions. But Wise doesn't disclose to its

customers what triggers a review of their accounts. And it's under no obligation to tell Mr A the reasons behind the account closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr A this information. And it wouldn't be appropriate for me to require it to do so.

Mr A has said that Wise took far too long to release M's account balance. From looking at the evidence I can see it took Wise more than five months to release M's balance, which I accept it a long time. I note Wise accepts it should have done things quicker. It has explained staff shortages and back logs of work caused delays. To put things right Wise has apologised and offered to pay M 8% interest on its account balance for loss of use of the funds.

I've looked at the information Wise provided about what it was doing as part of its closure process. And taken on board about what it has said about why it took so long to return M's money to Mr A. Having done so I'm not satisfied that Wise has provided sufficient evidence to show it couldn't have returned M's funds earlier. So, I'm persuaded that Wise has caused delays. But it doesn't follow that I must award M compensation. Instead, I have to consider all the circumstances and information surrounding M's complaint to decide whether I think awarding compensation would be a fair and reasonable outcome.

After considering all of the circumstances and evidence, I don't find awarding M compensation would be fair or appropriate. I understand Mr A would naturally want to know the information I have weighted in order to reach this finding. But as I've set out already, I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP), which form part of the Financial Conduct Authority's regulatory handbook.

Accordingly, I have accepted information in confidence which I am not disclosing to Mr A. And the description of that information is that it's of a nature which justifies Wise's closure of M's account, and which has led me to decide that awarding M compensation would not be a fair or appropriate outcome for any of the matters Mr A on behalf of M has brought as part of this complaint.

So, I'm not requiring Wise to compensate M for any trouble it may have experienced as a result of Wise closing its account, and the further inconvenience M experienced which ultimately flowed from Mr A not having access to the funds in M's account, including his unhappiness with Wise's communication and the information it didn't provide him.

As I've said above, I note Wise has made an offer to pay 8% interest on M's account balance between 20 November 2023 and 12 March 2024 to settle the complaint. Mr A should contact Wise directly if upon reflection he now wishes to accept this.

In summary, I realise Mr A will be disappointed by my decision, but I won't be telling Wise to do anything to resolve M's complaint.

### **My final decision**

For the reasons I've explained, my final decision is that Wise Payments Limited does not need to do anything more to resolve M's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 5 December 2024.

Sharon Kerrison  
**Ombudsman**