DRN-5099420

The complaint

Mr M, the sole company director of G, complains that eToro (UK) Ltd (eToro) unfairly closed G's trading account and the positions that were open within it.

What happened

G is based in an overseas territory and had been previously receiving services from another entity within eToro's group, which provided services to G's location. That entity informed Mr M it would no longer be providing trading services to G's territory, and to avoid closing the account G would have to accept a migration to eToro (UK) Ltd.

A prompt had been displayed during a login asking Mr M to confirm if he agreed to G's account being transferred. He accepted on G's behalf and the transfer went ahead, from which point eToro (UK) Ltd became G's service provider for its trading account.

On 17 July 2024 eToro informed Mr M that due to the account being accessed from the Philippines, a country on its 'blocked' list, it was giving notice it would be closing G's trading account. The notice also explained that any positions remaining open on the account closure date would need be settled at the prevailing market rate.

Mr M, unhappy that eToro hadn't listened to his explanations that he was only in the Philippines on holiday, complained to eToro about its decision to close G's account.

In eToro's response to G's complaint, it reiterated the reason for closure was because of where the account was being accessed from. And while Mr M was now appearing to be accessing from Estonia it could see a VPN was being used. As it couldn't validate Mr M's location it didn't agree to cancel the closure of the account.

Mr M, dissatisfied with eToro's response to G's complaint, referred the complaint to our service to consider. One of our Investigators considered the matter but didn't think it should be upheld. He explained this was because eToro was entitled to ask for the information it did and where eToro couldn't provide services to the Philippines, it wasn't unreasonable it took the steps it did to close the account for the reasons it did.

Mr M didn't agree with our Investigator's outcome as he didn't think it could be reasonable to crystalise his losses through the closure when he was only in the Philippines on holiday visiting his wife who is resident there.

As an agreement couldn't be reached the complaint was passed 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 understand Mr M's concerns, and in particular his strength of feeling, about how eToro has handled the closure of G's account. But having reviewed everything I've been provided with I've not seen I can uphold this complaint for largely the same reason as our Investigator.

Mr M isn't wrong that eToro is able to provide its services to G in the territory it is registered in, that is the reason after all why G ended up being its customer after the migration from eToro's other entity.

The issue at hand here is where the account was being accessed from and whether eToro acted fairly given the concerns it had.

eToro gives itself wide discretion through its terms and conditions around account closures, specifically it says within those, at 26.4 that, it *"may also freeze, block, or terminate our Services and/or your eToro account if… (a) we decide to stop providing you with Services…"*. In my view it isn't unreasonable eToro have such a term in place given it isn't prohibited to have such a mechanism to offboard a customer or account it no longer wants to do business with – in a similar way Mr M was free to terminate G's services with eToro. But it must apply its terms around this in a fair and reasonable manner in the circumstances.

Mr M, as the person with access to G's account, has provided our service with information about his residency, his travelling and the reasons for this. And while I've carefully considered what he's said I also have to give weight to the evidence about the account usage. This shows that across a seven month period between 1 January 2024 and 25 July 2024 there had been 662 connections recorded for G's account. 532 of those are recorded as coming from the Philippines. Given the number of connections and the time period those are evidenced having taken place across, I'm satisfied this evidences G's account being predominately accessed from the Philippines.

In my view then it wasn't unfair for eToro to conclude the account was predominately being used from a country it wasn't permitted to operate in and had disclosed as being on its list of blocked countries. I can't fairly say then eToro hasn't applied its terms to close the account for the reasons it did in a fair and reasonable manner given the evidence shows the frequency of usage of the account from a blocked country.

I understand Mr M feels eToro failed to consider the evidence he provided but I'm satisfied it has. Mr M's submissions were around his residency and the location of G, but that isn't why eToro proceeded to close the account. As I've said above its principal concern was from where the account was being predominantly accessed from in the months leading up to the closure notice being sent.

eToro sets out in its terms that in the event of such closure are to close any positions at the market rate and return the funds on account to G. I don't find this unreasonable given it needs to resolve the account in a sensible manner and gave sufficient notice to Mr M for any open positions to be closed himself. The account closure was completed on 29 August 2024 with the account balance being sent to G on 4 September 2024. I'm satisfied eToro has handled the closure and returned G's funds in a reasonable time and manner.

While I understand and appreciate Mr M's frustrations around the events leading up to the closure of G's accounts, I'm not persuaded eToro acted unfairly towards G for the reasons I've given above.

My final decision

For the reasons given above, I don't uphold G's complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask G to accept or reject my decision before 14 October 2025.

Ken Roberts
Ombudsman