

The complaint

Mr A complains that Wise Payments Limited unfairly closed his account without providing a proper explanation. He is also unhappy that Wise have not returned money held in the account back to him.

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.

Mr A has explained that he used his personal account to make transfers to friends, family and charitable donations.

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 personal account. Mr A's complaint about his business account will be dealt with separately.

In October 2023, Wise decided to review M A'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. Mr A contacted Wise to try and find out what was happening, but Wise wouldn't give him much information. Mr A appealed and said he needed access to his account. In response, Wise said it had closed the account in line with the terms and conditions. And wasn't willing to reopen Mr A's account.

When Wise closed Mr A's account the balance of his account was just under £10. Due to resourcing issues and having to complete due diligence checks on Mr A's account funds, Wise wasn't didn't offer to release Mr A's balance until March 2024. Wise apologised for any inconvenience this delay had caused Mr A and offered him £25 compensation.

Unhappy with this response, Mr A brought his complaint to our service where one of our investigators looked into what had happened.

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

Mr A disagreed. He said he wants £100 compensation and asked for an Ombudsman to review his complaint. So, 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 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 Mr A's account also make provision for this.

I've next gone on to consider whether Wise acted fairly when it closed Mr A'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.

Wise is also 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 Mr A'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 could also close the 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 the account as it's already done. So, it would not be appropriate for me to ask Wise to pay Mr A compensation since I don't find Wise acted inappropriately when it closed his account.

I understand of course why Mr A wants to know the exact reasons behind Wise's decision to close his 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 his account balance. Wise accepts it should have done things quicker. It has explained staff shortages and back logs of work caused delays in returning Mr A's funds. To put things right, Wise has apologised and offered Mr A £25 compensation for any trouble and upset this may have caused him. Mr A says this isn't enough. He wants £100.

I've looked at the information Wise provided about what it was doing as part of its closure process. Having done so I'm not satisfied that Wise has provided sufficient evidence to show it couldn't have returned Mr A's funds earlier. But it doesn't follow that I must award Mr A compensation in these circumstances. Instead, I have to consider all the circumstances and information surrounding Mr A'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 Mr A 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 Mr A's account, and which has led me to decide that awarding Mr A compensation would not be a fair or appropriate outcome for any of the matters he has brought as part of this complaint.

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

I note Wise has made an offer to pay £25 to settle the complaint. Mr A should contact Wise directly if 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 his 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 Mr A's complaint.

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

Sharon Kerrison
Ombudsman