

The complaint

G complain Wise Payments Limited (“Wise”) closed their account unfairly and with immediate effect, after conducting a review. And it’s failed to provide proper justification for doing so.

G say Wise’s actions have caused them business disruption, and to put things right they want the account reopened.

What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In June 2024, Wise conducted a review of G and its director’s personal account. This decision only deals with the complaint about G – which is a separate legal entity to its director. However, I mention it here as the two are inextricably linked in this complaint.

Wise asked the director of G, who I’ll now refer to as Mr O, to provide evidence of his source of funds for his personal account. Mr O provided some information to Wise in essence saying the income in that account came from G’s revenue. Unsatisfied with Mr O’s submissions, Wise decided to close G’s account – through affiliation – with immediate effect.

G complained to Wise, who didn’t uphold his complaint. In short, Wise said it had acted in line with its terms and conditions when closing the account and it can’t give G an explanation. G referred their complaint to this service. One of our Investigator’s looked into it, and they recommended Wise uphold the complaint and reopen the account. In summary, their key findings were:

- Mr O has provided sufficient evidence to show his income was from G, from payments to it through retail channels. Wise has also failed to sufficiently explain how it made its determination that G’s activities were outside its risk appetite.
- As no funds were specifically withheld, G hasn’t argued a specific impact on G’s ability to trade, so no recommendation is being made for financial settlement. But Wise should reopen the account.

Wise explained it took time to internally establish communication, so it accepts what our Investigator says. But before reopening G’s account, it wants three months statements from G’s third-party payment platforms account. G provided this information, and it was forwarded to Wise.

As our Investigator didn’t hear from Wise, despite chasing it for a response, this complaint was passed to me to decide. I then sent both parties my first provisional decision in which I set out what I was planning on deciding. For ease of reference, here is what I said:

First provisional decision

“I’ve considered all the available evidence and arguments to decide what’s fair and reasonable in the circumstances of this complaint.

Having done so, I am planning on upholding this complaint. I’ll explain why.

Financial businesses in the UK, like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Wise need to restrict, or in some cases go as far as closing, customers’ accounts.

Wise is entitled to close an account just as a customer may close an account with it. But before Wise closes an account, it must do so in a way, which complies with the terms and conditions of the account. The terms and conditions of the account, which Wise and G had to comply with, say that it could close the account by giving them at least two months’ notice. And in certain circumstances it can close an account immediately or with less notice.

Wise closed G’s account with immediate effect. I’ve already explained why it did so above. Having carefully considered this, I’m not persuaded Wise acted fairly. I say that because the logic of its decision is counter intuitive given that the explanation G and Mr O provided is more than plausible. G has also provided the statements Wise wanted to reopen the account.

I note G only want the account reopened despite saying they suffered business disruption. I’d also expect a business to take reasonable steps to mitigate any losses, so it’s reasonable to expect it to have gained other account services. So, I won’t be making an award for compensation related to business losses.

However, I think G has suffered inconvenience given its officer had had to take significant time outside of operating their business to resolve matters. So, I’m intending to direct Wise to pay G £300 for the inconvenience its unfairly caused.

I’m also intending on directing Wise to reopen G’s account, which it has already alluded to doing, if it received the statements it requested. Our Investigator has sent these to Wise some time ago”.

Both parties responded to my first provisional decision with any further arguments and evidence they wanted me to consider.

Summary of G’s response

- Issues arose when Mr O attempted to open a personal account using the same email address as the account for G. Mr O intended to separate his personal funds from that of G. Wise enquired about his source of funds and Mr O explained it was his salary from G. Wise asked for statements in relation to this. Mr O says he hadn’t transferred significant funds to himself from G as he was reinvesting all the funds into G. But he did provide a statement showing one payment.
- Wise requested tax documents, but at that point G had not reached a tax filing period. But four months later, G submitted the necessary tax documents after completing the filing. But Wise still didn’t accept the documents.
- The disruption prevented G from paying their suppliers and covering other business costs like advertising. This caused the business to stop operating for months until they could access alternative funds.

Wise said the information G, and Mr O, provided wasn't sufficient for its source of funds checks. Wise also added that G's business activity is in contravention of its acceptable use policy. So taken together, along with its other concerns, Wise had closed G's account in line with its terms and conditions and therefore Wise hasn't done anything wrong.

After considering what both parties had said, and any new evidence provided, I sent them both a second provisional decision in which I said I was no planning on not upholding this complaint. For ease of reference, here is what I said:

Second provisional decision

"I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. I do stress however that I've considered everything G and Wise have said before reaching my decision.

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I'm now planning on not upholding this complaint. I'll explain why.

I've already said Wise is entitled to close an account just as a customer may close an account with it in my former provisional decision. And before Wise closes an account, it must do so in a way, which complies with the terms and conditions of the account.

The terms and conditions of the account, which Wise and G had to comply with, say that it could close the account by giving G at least two months' notice. And in certain circumstances it can close an account immediately or with less notice. Wise closed G's account with immediate effect.

Previously, Wise said it had done so as it wasn't able to get the information from G and Mr O about their source of income. Mr O has made it clear that he isn't UK tax domiciled and so has sent in information from the country he lives in – this includes external bank statements and documents that show bank transfers. Wise doesn't agree this is sufficient to satisfy the requirements of its review.

I think a finding on this point alone is finely balanced as I can appreciate why given G and Mr O's business operational circumstances, this is difficult for them to provide. But Wise have now provided me with additional information which includes that G sells products which are prohibited on Wise's 'Acceptable Use Policy'. The terms and conditions allow for Wise to close an account with immediate effect if a customer's activity violates this policy.

Having looked carefully at G's website and the terms and conditions, including what the Acceptable use policy says, I'm satisfied Wise has applied these terms fairly – and so it has acted in line with those terms when closing the account in the way it did.

Specifically, Wise' terms prohibit the sale of Smart drugs, nootropic supplements, Pharmaceuticals – which include Nutraceuticals, pseudo-pharmaceuticals. It appears from G's website that some of the items it sells fall into these categories. G may argue that this

isn't the case, but my finding here is based on a reasonable determination of what those products are and how they are broadly defined.

Wise have also explained other concerns it has with G. Having considered these, I would have expected Wise – if taken in isolation – to have carried out further enquiries and investigation. But taken as a whole, against the other reasons above, I'm satisfied Wise has acted fairly in closing the account in the way it did. That means I won't be directing Wise any longer to reopen the account.

I know G would like to know what information, in relation to the latter point, I have weighed to reach this finding. But I am treating this information in confidence, which is a power afforded to me under the Dispute Resolution Rules (DISP).

As I no longer think Wise has done anything wrong in closing G's account in the way it did, I see no basis in which to award any compensation for the inconvenience caused to them.

I know my proposed decision will disappoint G, and matters would have been resolved much sooner had Wise provided the information it now has sooner. But I must, as I said earlier consider all available evidence and arguments. And that is what I have done here".

Wise agreed with what I said I was planning to decide. G did not. In summary, G made the following key points:

- G's business is fully compliant with all relevant policies, legal requirements, and Wise's terms and conditions. G hasn't engaged in any prohibited activities. And at the time the account was closed, G were not selling any supplement products. The stock for these goods was received in December 2024, after the account closure.
- Wise has indicated there were other reasons for the closure, but G hasn't been given clear or specific information about these concerns. G should be told what these are.

As both parties have responded, I will now decide this complaint.

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.

For the reasons in my second provisional decision, as above, I have decided to not uphold this complaint.

I have considered what G say about when it began selling the products that are prohibited on Wise's terms and conditions – specifically that they couldn't have had their account closed for this reason as they weren't selling those products at the time of closure.

Its possible that may be the case here, but when taken together - as I said in my second provisional decision – I'm satisfied Wise closed G's account fairly. I also said that I am treating some of the evidence in confidence - a power afforded to me under the Dispute Resolution Rules (DISP). I would add too that Wise are under no obligation to give G an explanation. I note too that G don't disagree it was selling prohibited goods as per Wise's acceptable use policy, albeit G say they weren't at the time of closure. But that would still mean Wise closing their account. So, the closure would've happened in any event.

My final decision

For the reasons above, I have decided to not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 24 June 2025.

Ketan Nagla
Ombudsman