

The complaint

Ms B complains Skrill Limited unfairly closed her account and is refusing to release her funds.

What happened

Ms B held a Skrill account which was opened in June 2023.

On 16 September 2024 Ms B's account was restricted so Skrill could conduct a standard Know Your Customer verification check. Ms B was asked to provide a recent address proof document, such as a utility bill or bank statement.

Ms B provided the requested information – Skrill carried out a review and informed Ms B the information didn't meet its security and verification criteria. The account was closed, and Skrill explained it would release the remaining account balance once Ms B provided a photo of her holding an identity document and a bank account statement. Ms B provided this information, but it didn't meet Skrill's requirements. On 26 September 2024 Skrill closed the account and withheld the account balance.

Ms B raised a formal complaint about the actions taken by Skrill. In its final response letter dated 17 October 2024 Skrill explained that it was acting in line with the applicable anti money laundering regulations. It referred Ms B to the account terms and conditions and explained that it wouldn't be able to provide any further details to Ms B regarding its decision-making process.

Ms B was unhappy about the actions taken by Skrill, so she referred a complaint to this service. It was looked at by one of our Investigators who said Skrill hadn't done anything wrong – it had acted in line with regulatory guidance. Ms B disagreed, explaining she had provided the necessary information and documents and would like her funds released.

As no agreement could be reached the complaint has been referred 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'll deal first with Skrill's decision to close Ms B's account. As the Investigator has already explained, it's generally for financial institutions to decide whether they want to provide, or to continue to provide, banking facilities to any particular customer. Each financial institution has its own criteria and risk assessment for deciding whether to open or close accounts and providing an account to a customer is a commercial decision that a financial institution is entitled to take. 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.

It is also important to note Skrill has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to know its customer, monitor accounts, verify the source and purpose of funds, as well as detect and prevent other financial harm. 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.

As has been explained by Skrill and the Investigator, the reason why Skrill asked Ms B to provide information was because Skrill is obliged to adhere to the regulator – the Financial Conduct Authority (FCA), Know Your Customer (KYC) responsibilities. Skrill is entitled and obliged to carry out such checks under the account terms. This applies to both new and existing customers. In Ms B's case Skrill asked for information in the form of proof of address and then identification documents. I consider its requests to be reasonable in light of its regulatory duties.

Ms B provided information to Skrill, and it didn't consider it sufficient to meet its internal verification criteria. I know Ms B is upset that Skrill closed her account. But having looked at all the information available to me, including Skrill's actions and the information it's provided to this service, I'm satisfied that Skrill had sufficient grounds to close Ms B's account and did so in line with the terms and conditions of the account. So, I can't say Skrill has treated Ms B unfairly when it decided it no longer wanted her as a customer and closed her account immediately.

The crux of Ms B's complaint is that she wants the funds in her account returned to her. It seems Skrill is willing to release the money to Ms B. But in order to do so Ms B has to complete Skrill's verification process, which I don't find unreasonable. I can see that Skrill has clearly explained this to Ms B on more than one occasion. And told her that this process is its standard procedure. So, I'm satisfied that Ms B understands what she needs to do to satisfy Skrill's request. I'm also satisfied that Skrill has these processes in place to comply with its legal and regulatory obligations when providing accounts to customers. So, I can't say Skrill have done anything wrong by asking Ms B to provide the documents and verify her identification to complete this process.

I appreciate that Ms B has provided bank statements and a photo of herself holding her ID. Skrill has confirmed the information provided isn't adequate to meet its verification and security process. Having looked at the documents I don't think that's unreasonable. This means I won't be directing Skrill to release the money held in the account back to Ms B. I understand the lack of access to these funds is having an impact on Ms B, and the situation with Skrill is a source of distress. But based on the evidence I've seen, it wouldn't be appropriate for me to direct Skrill to release the funds to Ms B based on the information provided.

Overall, I think Skrill had good reason for withholding Ms B's account balance as it wasn't able to verify the documents Ms B provided to them. I know Ms B wants to know exactly what the problem was with the documents she provided Skrill. But I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for several reasons – for example, if it contains information about other customers, security information or commercially sensitive information. Some of the information Skrill 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 B, but I'd like to reassure her that I have considered everything.

In summary, I recognise how strongly Ms B feels about what's happened. I don't doubt it has been a frustrating and worrying time. So, I realise Ms B will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say Skrill have acted unreasonably and treated Ms B unfairly in taking the actions it did.

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 B to accept or reject my decision before 21 October 2025.

Chandni Green
Ombudsman