

The complaint

Mr A complains that eToro Ltd blocked and closed his accounts without providing a proper explanation. Mr A also complains about how long he has had to wait for eToro to arrange the return of his account balances. He says this caused him unnecessary stress and worry for which he should be compensated.

What happened

Mr A had two accounts with eToro - an investment account and money account.

In April 2024, eToro decided to review Mr A's accounts to comply with its legal and regulatory obligations. eToro blocked the accounts whilst it completed the review.

Mr A discovered his accounts were blocked and contacted eToro to find out what was happening. But eToro wouldn't give Mr A much information and told him that it would provide further updates when available. When Mr A didn't receive any updates he sent chaser emails to eToro throughout May 2024, asking what was happening. In response, eToro told Mr A that it was still completing its review.

On 12 July 2024, eToro wrote to Mr A to let him know that following its review it had decided to close all his accounts. Mr A wrote to eToro and asked them when he'd receive his closing balances which combined was just over £2,000. Mr A gave eToro details of another account he held and asked eToro to release his account balances. He told eToro that he needed the money to buy a car he needed urgently and that he was losing money because he wasn't able to use his account balances to trade.

eToro told Mr A it had sent the balance of his investment account (£1,637) to another account he held. And not the one he'd specified. eToro sent Mr A confirmation that it had sent the funds back to source on 15 July 2024. Mr A told eToro that he hadn't received the funds as the account eToro had used had been closed. He said that eToro owed him more money than it said it had sent. He said he also had £500 in his money account.

Mr A complained to eToro. He said eToro treated him unfairly by blocking and closing his accounts. And that eToro had caused delays in releasing his balances which meant he'd been unable to trade. So, he said he'd lost out financially. Mr A also said that eToro hadn't provided a proper explanation about why he was no longer wanted as a customer.

In response, eToro said that it had reviewed and closed Mr A's accounts to comply with its legal and regulatory obligations. And it wasn't willing to provide a further explanation. eToro said it had transferred Mr A's investment balance to him on 15 July 2024.

Mr A remained unhappy and asked us to investigate his complaint. He said the block on his accounts and lack of access to his funds caused him a lot of problems. He wants eToro to provide a proper explanation about why it blocked and closed his accounts. Mr A said eToro's actions made him feel stressed and anxious. And he had to resort to using a pawnbroker and asking his father for money to buy a car he needed urgently.

He said whenever he contacted eToro he wasn't given any meaningful information. And he also had to chase eToro for updates, which was very frustrating. To put things right he said he wants compensation and all the money in his accounts returned to him.

After looking at all the information the investigator said that eToro hadn't treated Mr A unfairly when it had blocked and closed his accounts. The investigator said eToro had caused delays in releasing Mr A's investment account balance. But based on the information eToro had shared with us in confidence they didn't recommend eToro should do anything further to resolve Mr A's complaint. And they said eToro didn't have to return the money Mr A had in his money account.

Mr A disagreed. In summary he said:

- He wants eToro to provide a proper explanation about why it closed his accounts.
- eToro should release the money he had in both his accounts back to him, which rightfully belongs to him.

Mr A asked for an ombudsman to review things. 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 financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether eToro has treated Mr A fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

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 focused 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. But I have read all Mr A's submissions.

I want to make it clear that I understand why what happened concerned Mr A. I've no doubt it would've come as quite a shock to him, and he would've been very worried to find out that his accounts had been blocked. But as the investigator has already explained, eToro has extensive legal and regulatory responsibilities they must meet when providing account services to customers. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime.

I've considered the basis for eToro's review and having done so I find this was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied eToro acted fairly by blocking Mr A's accounts. I appreciate that Mr A wants to know more about why eToro did what it did. But eToro isn't obliged to tell Mr A why it blocked and reviewed his accounts, and I don't believe it would be appropriate for me to require it to do so as much as he'd like to know.

The terms and conditions of Mr A's accounts also make provision for eToro to review and suspend an account. And having looked at all the evidence, I'm satisfied that eToro have acted in line with these when it suspended Mr A's accounts. So, although I understand not having access to his accounts caused Mr A trouble and upset it wouldn't be appropriate for me to award Mr A compensation since I don't believe eToro acted inappropriately in taking the actions that it did when it blocked Mr A's accounts.

The result of the review was that eToro decided they didn't want to provide financial facilities to Mr A anymore. eToro wrote to Mr A in July 2024 that it had decided to close his accounts. Mr A says that eToro should explain to him why it no longer wants him as a customer. Mr A says eToro also made mistakes when it sent his investment account balance to his closed account. And owes him the funds in his money account too.

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.

As long as banks and financial businesses 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.

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

For eToro 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 eToro has provided, including the information eToro has provided to this service in confidence, I'm satisfied that eToro did. And that it was entitled to close the accounts as it's already done. So, I can't conclude that eToro treated Mr A unfairly when it closed his accounts.

I can understand Mr A wants to know why his accounts were closed. eToro has provided some further details of its decision-making process, which led to the closure of Mr A's accounts. I'm sorry but I can't share this information with Mr A due to its commercial sensitivity. But I've seen nothing to suggest eToro's decision around closing Mr A's accounts were unfair. On balance when considering eToro's wider regulatory responsibilities and all the information available to me, I find eToro had a legitimate basis for closing Mr A's accounts immediately. So, it would not be appropriate for me to ask eToro to pay Mr A compensation since I don't find eToro acted inappropriately when it closed the accounts in the way they did.

Mr A has said that eToro didn't keep him updated about what was happening with his accounts once it had started its review. I can see from looking at the evidence that Mr A did contact eToro on more than one occasion – seeking an explanation for why his accounts were blocked and that eToro told Mr A that it would update him when it could. I can appreciate that this would have been frustrating for Mr A.

Mr A has said that eToro have taken far too long to sort out returning his closing closing balances and sent the money to his closed account. Mr A also says eToro never released

the funds in his money account to him. He wants compensation for the trouble and upset he's suffered because of being deprived of the money in his accounts. He has explained that he was relying on the money to buy a new car and had to go to the trouble of asking his father to lend him money and using a pawnbroker.

I've looked at the information eToro provided about what it was doing as part of its transfer process. Having done so I'm not satisfied that eToro has provided sufficient evidence to show it couldn't have completed the process earlier. And I can see that eToro didn't release Mr A's investment account closing balance to the account he nominated. It was sent to a different account which had been closed. So, I'm satisfied that eToro's service fell short and it made some mistakes. 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 what Mr A has said and the content of eToro's review, which includes the information eToro has provided to our service in confidence, 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 eToro's review, 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 eToro to compensate Mr A for any trouble and upset he may have experienced because of the time taken for eToro to carry out its review, and the further dissatisfaction he experienced which ultimately flowed from not having access to the funds in his accounts, including his unhappiness with eToro's communication and the information it didn't provide him.

I note that eToro has agreed to release the balance of Mr A's investment account. I make no comment on that decision. I can see that Mr A has provided eToro with alternative account details to receive these funds. So, I will leave it up to Mr A to follow this up with eToro. Mr A is also seeking the release of the funds in his money account (£500). For the same reasons I've set out above about why I won't be awarding Mr A any compensation, I won't be directing eToro to release any money to him.

In summary, I recognise how strongly Mr A feels about his complaint, so I realise he will be disappointed by my decision. But overall, based on the evidence I've seen I won't be telling eToro to do anything more to resolve Mr A's complaint.

My final decision

For the reasons I've explained, my final decision is that I don't require eToro (UK) Ltd to do anything further 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 23 September 2025.

Sharon Kerrison
Ombudsman