

The complaint

Mr N complains that eToro (UK) Ltd didn't properly handle a withdrawal request he made, and this caused him financial losses and inconvenience.

What happened

Mr N had a Contract for Differences (CFD) trading account with eToro. He made a withdrawal request for \$3,900 on 10 June 2022. He provided details of an alternative method of payment. These details included the payee name (his own), the bank name, his eToro account ID, bank account Swift Code and his address.

On 14 June 2022 eToro successfully transferred his withdrawal to the alternative method he provided – but this was not in fact what Mr N intended. He complained and said that he only provided these details *“to fulfil a requirement to let me move forward”*. He said he had always intended for the money to be sent to his original methods of payment, and these were his credit cards. The bank details he provided were not in fact his, he thought he had made them up and expected them to be rejected. He claimed financial losses and asked eToro to look into the matter.

eToro looked into Mr N's complaint and immediately recalled the funds. This took about two weeks, and the funds were returned to Mr N on 30 June 2022. It declined to provide him any additional compensation, on the basis that it had correctly sent the money to the bank details Mr N had provided. It said that whilst it prioritised sending money to the original payment methods, it also prioritised sending withdrawals in one single transfer – and this wasn't possible to the credit card Mr N had on the account. This was why it used Mr N's alternative method.

Mr N remained unhappy and referred his complaint to this service. One of our investigators looked into Mr N's complaint, but didn't think it should be upheld. In short, the investigator said that Mr N was the one who provided the bank details, and it was therefore fair and reasonable for eToro to have used them.

He said Mr N's credit cards didn't have enough spare balance for eToro to have transmitted the withdrawal to them, and this is why it used the alternative payment method. He said that when the money was eventually returned, there appeared to be \$50 missing from it which eToro compensated him for – but he didn't think it would be fair to compensate Mr N for any trading losses.

He also didn't think eToro took too long to return his money, as ultimately it was not its fault that the money ended up going to an actual account, even though Mr N said he had made that account up.

Mr N didn't agree with the investigator. He said:

- eToro was clear in previous withdrawals that its policy was to send funds to the

means of payment that were used to deposit to the account.

- It had also been clear that it wouldn't send money to a country other than the one where the funds originated from, but that's what happened in his case.
- It had previously rejected withdrawal requests due to these policies not being complied with. Mr N said this showed that it did not take the time to verify the data as he "*provided a method that did not exist in another country, based on the fact that eToro will send the funds to the original method (credit cards) or reject the request*".
- The above showed that eToro used its policies how it wanted and this wasn't equitable.
- The incident caused him to incur interest on his credit cards which he had to cover, and he asked for at least \$100 compensation which eToro refused.

As agreement couldn't be reached, the case 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 this complaint has caused Mr N considerable upset, but I don't have much to add to what the investigator has already told him.

eToro has been clear about the way it makes payments and what factors it uses to prioritise where those payments are made. It isn't my role to question how eToro decided to execute withdrawals. In this case, as it could not make the withdrawal to the credit cards Mr N had on file, it used the alternative method he specified.

I should be clear that Mr N's comments about eToro's terms and policies aren't, in my view, persuasive. I think the terms are clear that it is up to eToro to permit Mr N to use an alternative method, which it clearly did in this case. And it's clear to me that it was Mr N's decision to specify a fictitious payment method in the expectation that this would be rejected, and eToro would reach out to him to work out where the withdrawal should be sent – I think this is because Mr N was aware that the withdrawal couldn't all go to one card and needed to be split across multiple credit cards. I'm not persuaded eToro's policies weren't followed when it agreed to send the money to the details Mr N specified – I don't agree it should be held responsible for Mr N providing bank account details that weren't actually his.

But even if I agreed with Mr N about how eToro would normally make withdrawals, the fact that he provided these banks details, and knew they weren't his, means that any losses that arose from eToro using those details would be his responsibility. It wouldn't be fair and reasonable to award Mr N compensation for providing details he knew were wrong.

And I'm sorry to say that it's this key aspect which means I'm not persuaded it would be fair and reasonable to uphold Mr N's complaint.

It seems that Mr N made up an account in order to fill in the relevant boxes when requesting the withdrawal – and by sheer coincidence, that account existed and eToro used it. But Mr N didn't have to make up an account – he could've used his own bank account. Or he could've contacted eToro and explored other ways of receiving his funds.

Using a random bank account was a risk that Mr N decided to take. eToro has confirmed

that it verifies the account name being entered by the customer is the same as the name of the trading account, which it was in this case. And it verifies the Swift code to ensure it is an actual account – and this too was verified. So it had no reason not to make the transfer.

In fact Mr N was lucky that eToro was able to immediately recall the payment, and virtually all of Mr N's money was recovered and remitted to his trading account within just over two weeks.

I don't consider this delay unreasonable, and furthermore, it was a delay that was entirely out of eToro's control.

I acknowledge Mr N has claimed losses relating to the balances of his credits cards, and the fact that he wanted to use this money to pay off some of them – and as a result he's had to pay interest which he says he otherwise wouldn't have paid. But for the reasons I've set out above, I'm satisfied that this situation occurred because Mr N decided to knowingly input the wrong details on his withdrawal form – and this caused eToro to remit his money to the wrong bank account. Any delays or losses that arose in consequence of this are, in my view, Mr N's responsibility and not eToro's.

My final decision

For the reasons I've given, my final decision is that I don't uphold Mr N's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 4 April 2024.

Alessandro Pulzone
Ombudsman