

## **The complaint**

Ms Y complains that Wise Payments Limited (Wise) unfairly closed her account and didn't return money paid into the account back to her, so she has lost out financially.

## **What happened**

The detailed background to this complaint is well known to both parties. As such, I'll provide only an overview of the most essential facts here.

Ms Y had a multi-currency account with Wise which she opened in February 2023. Ms Y has explained that she opened the account so that friends and relatives could send her money and vice versa.

In February 2023, Ms Y received a payment of just over £2,300 into her Wise account. Ms Y says she received the funds in exchange for the sale of cryptocurrency on a P2P order with an individual I will refer to as Mr M. Following this, Wise deactivated Ms Y's account.

Ms Y complained to Wise and asked them to refund the money. In response Wise explained that it had received an indemnity from another bank, who I'll refer to as B, asking for the funds to be returned to them. And it had sent the funds back and closed Ms Y's account in line with the terms and conditions. Ms Y said Wise shouldn't have returned the funds to bank B because the money belonged to her. She said that Mr M had made a false fraud claim and she is now out of pocket. Wise reviewed its decision but maintained its position.

Unhappy with this response Ms Y brought her complaint to our service. She said that Wise should have asked her about the transaction before deciding to send the money back to bank B. She said if it had done so she would have been able to provide evidence that she was entitled to the money. She says that she is the victim of a false fraud report by Mr M and she is now out of pocket.

An investigator reviewed Ms Y's complaint. He asked Ms Y to provide evidence of her dealings with Mr M. After reviewing everything he said Wise hadn't treated Ms Y fairly when it had sent the money back to bank B and closed her account immediately. To put things right he said Wise should pay Ms Y £100 compensation for the trouble and upset she'd been caused, refund her the money she received from Mr M and add interest for loss of use of these funds.

Ms Y agreed. Wise disagreed with the investigator's recommendations. It said it had closed the account and sent the funds back in line with the account terms and conditions.

As no agreement could be reached the matter has come to me to decide. After reviewing all of the evidence and circumstances of the complaint I came to a different conclusion to the investigator. I issued a provisional decision in which I said the following:

*I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses 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 Ms Y, but I'd like to reassure her that I have considered everything.

I'll start by setting out some context for why Wise suspended and closed Ms Y's account. Electronic Money Institutions in the UK like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. In order to meet these obligations, they are required to conduct 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 suspended and closed Ms Y's account in February 2023 and have relied on the terms of the account to do so. I've reviewed the terms and conditions of Ms Y's account. The terms permit Wise to suspend and close an account. Under section 25.2 they state:

'We may at any time suspend or close your Wise Account and/or end this Agreement without notice if:

- (a) You breach any provision of this Agreement or documents referred to in this Agreement;
- (b) We are requested or directed to do so by a competent court of law, government authority, public agency, or law enforcement agency;
- (c) We have reason to believe you are in breach of any applicable law or regulation; or
- (d) We have reason to believe you are involved in fraudulent activity, money laundering, terrorism financing or other criminal or illegal activity

Having looked at all the circumstances of this complaint, including how Ms Y was using her account and the information Wise has provided which led to their decision, I'm satisfied Wise acted in line with the terms when they suspended and closed Ms Y's account. So, it was entitled to close the account as it has already done so, and I can't say it has treated Ms Y unfairly.

The crux of Ms Y's complaint is that she wants Wise to refund her the money she says she lost as a result of the cryptocurrency she sold to Mr M.

Wise decided to return the funds to the sending business, so that their customer, Mr M could be refunded. Wise have said it did this on the basis of the outcome of its review of Ms Y's account, their legal and regulatory obligations and said the terms and conditions of the account allowed them to do this. The effect of Wise's actions meant that Ms Y has lost both the USDT and the money she had expected in payment.

Wise have relied on the terms and conditions of the account to return the money which states under section 14.3 'the money received in your Wise Account (Received Amount) may be subject to reversal and you agree that we may deduct the Received Amount from your Wise Account if it was reversed by the person who paid you the Received Amount or any relevant payment services provider.'

Wise had received a report to suggest that Ms Y wasn't entitled to the payment from Mr M. The report said that Mr M had been the victim of a scam. However, in her appeal to Wise, Ms Y says that she is the victim of a false fraud claim and that she legitimately sold Mr M USDT. I can see that as part of her appeal, Ms Y submitted screenshots showing her transaction with Mr M for Wise to review. Following this, Wise maintained that it hadn't done

*anything wrong when it returned the funds back to bank B. So, I've looked at the steps Wise took in making the decision, and the evidence it relied on.*

*Wise has shown our service the information it looked at as part of its review, it's explained its rationale in weighing that information and it's demonstrated how it reached its decision to comply with the indemnity it had received from bank B. Having reviewed everything Wise and Ms Y has told our service, I'm satisfied Wise acted reasonably in returning the funds to source, and that it was acting in accordance with its overriding legal and regulatory obligations when it did so. I appreciate Ms Y wants to understand more about the reasons for Wise's decision. But Wise isn't obliged to provide an explanation for its decision to Ms Y, and it wouldn't be appropriate for me to compel it do so.*

*The practice of providing indemnities in situations like this is well-established. It gives businesses and consumers protection on recalling money when the money in question isn't rightfully owned. In this case bank B asked Wise to return the money to them because they were at a loss due to the transfer. I've considered bank B's reasons and explanation, together with the information Wise has provided regarding how Ms Y was operating her account and having done so I agree it was appropriate for Wise to return the money.*

*In summary I am satisfied that Wise has not acted inappropriately or incorrectly. I realise Ms Y would understandably like the funds that were paid into her account returned to her and feels very differently. But based on all the evidence and circumstances of this complaint, I don't believe I can fairly direct Wise to release Ms Y's funds.*

Wise didn't respond to my provisional decision. Ms Y said it isn't fair that she is now out of pocket as well as losing the cryptocurrency she sold. She says she has been a victim of fraud and if Wise had asked her about the transaction, she would have provided information to show that she was entitled to the funds. And as far as she was concerned the transaction was legitimate.

Now both sides have had an opportunity to comment I can go ahead and issue my 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.

As Wise didn't respond to my provisional decision, I see no reason to depart from my findings that it was correct to close Ms Y's account immediately and return the funds back to source.

In response to the provisional decision, Ms Y has highlighted a number of concerns, which I'll now address below.

Ms Y has said that Wise didn't ask her about her entitlement to the funds paid into her account. She's said that had it done so she would have provided all the information that she gave to the investigator when he asked her about the money. So, she says she has been treated unfairly and has now lost out financially.

I've looked at all the information Ms Y provided to us. The investigator also forwarded everything Ms Y provided to Wise for them to review. But Wise maintained its position. Having looked at all the information and circumstances of this complaint, whilst I think it would have been appropriate for Wise to review the information Ms Y has now provided, at

the time, I do not think it was unreasonable for Wise to have taken the actions it did when it returned the funds to source.

As I said in my provisional decision the terms and conditions of the account also permit Wise to take this action. So, I am satisfied that Wise has not acted inappropriately or incorrectly. I realise Ms Y would understandably like the funds that were paid into her account returned to her and feels very differently. But based on all the evidence and circumstances of this complaint, I don't believe I can fairly direct Wise to return the money that was paid into Ms Y's account back to her.

In summary, I appreciate that Ms Y will be disappointed by my decision, but I see no reason to depart from my provisional findings. I remain of the view that this complaint should not be upheld for the reasons set out in my provisional decision, which are repeated above and form part of this decision.

### **My final decision**

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms Y to accept or reject my decision before 28 March 2024.

Sharon Kerrison  
**Ombudsman**