

The complaint

Mr K complains Wise Payments Limited (“Wise”) restricted and closed his account, and only partially refunded some of the funds to him.

To put things right, Mr K wants Wise to refund him the remaining balance and pay compensation for the distress and inconvenience it’s caused him.

What happened

This complaint only deals with Mr K’s personal account with Wise.

Following an internal review, Wise restricted, or as it says ‘deactivated’, Mr K’s account on 7 September 2022. Mr K had a balance of £3,000 in his account.

Mr K contacted Wise on several occasions thereafter and was told in early October 2022 the restrictions would remain in place, and it needed to carry out due diligence checks which could last for at least another 30 days.

Unhappy with Wise’s actions Mr K complained. Wise didn’t uphold Mr K’s complaint. In summary, the key points it made were:

- Wise cannot give a specific reason as to why its closed Mr K’s account, but it has done so in line with the terms and conditions of the account and the regulations it must follow
- As its customer due diligence checks are not complete, it will not be able to release the funds in the account to Mr K

Mr K referred his complaint to this service.

On 8 October 2022, Wise returned £2,040 in Mr K’s account back to source. On 30 November 2022, Wise returned the remaining £960 back to Mr K.

Mr K says being deprived of his funds led to him suffering financial difficulty as he has had to take out high-cost loans to meet his commitments. He also says he’s been caused substantive distress and inconvenience for which Wise should pay him £1,000 in compensation.

Mr K wasn’t happy all his money had not been returned by Wise. One of our Investigator’s looked into Mr K’s complaint, and they recommended it isn’t upheld. Some of their key findings were:

- Wise has explained why it restricted and closed Mr K’s account, and based on that it has acted in line with its obligations in doing so
- Wise hasn’t caused avoidable delay in returning funds to Mr K
- Wise was entitled to return some of the funds to source in the way it has

Mr K didn't agree with what our Investigator said. Some of the main points he raised in response were:

- Wise took around 90 days to return only partial funds to him when it said it would take 20 working days. So it isn't right to claim it sent him the money without delay
- Wise didn't provide any explanation for its actions
- Mr K has evidence to show he was entitled to the funds Wise returned to source. And Wise hasn't given him any details or asked questions about any payments he'd received. The burden of proof falls on the account holder to provide evidence of entitlement to money in their account. He has been stripped of this opportunity

As there was no agreement, this complaint was passed to me to decide. Upon my request, Mr K sent information to show his entitlement to the funds Wise had returned to source. After reviewing this, I sent both parties my provisional decision in which I said I was planning on upholding this complaint. For ease of reference, here is what I said:

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'm planning on upholding this complaint in part. I'll explain why.

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 Mr K and Wise have said before reaching my decision.

Account restrictions and closure

Electronic Money Institutions ("EMI") 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 EMI's need to restrict, or in some cases go as far as closing, customers' accounts.

Wise has given me information and provided an explanation as to why it restricted Mr K's account. Having carefully considered this, I'm satisfied it has done so in line with its obligations.

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 Mr K had to comply with, say that it could close the account by giving him at least two months' notice. And in certain circumstances it can close an account immediately or with less notice.

Having looked at the information given to me by Wise, I'm satisfied it was entitled to close the account in the way that it has done.

I know Mr K wants an explanation for why Wise restricted and closed his account – but it is under no obligation to do so. I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from regulated 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 we consider should be kept confidential.

Funds release and delays

Mr K doesn't agree that £2,040 of his funds should have been returned to source and not to him. Wise say it has acted appropriately and in line with its obligations, and terms, in doing so.

Given the individual circumstances of this complaint, I would have expected Wise to have carried out some exercise in establishing Mr K's entitlement to the funds. Because of that I asked Mr K to show his entitlement to the funds that were returned.

Mr K has been able to show me - through various screenshots of a well-known crypto platform - that he sold USDT's to an individual buyer using peer-to-peer trading for the amounts paid into his account. These screenshots also show that Mr K gave them his Wise bank details to make payment into for the agreed fiat value.

I'm persuaded this evidence shows Mr K made two legitimate transactions to sell crypto assets he owned, and that he released them to the buyer once he'd received payment into his Wise account.

It follows that by not returning these funds to Mr K he has unfairly lost out. And if Wise had carried out a similar of entitlement exercise itself, it's likely it would've have been satisfied of Mr K's entitlement to these funds. So I think Wise should refunds these funds to him.

From the information I've seen, I'm satisfied Wise could have returned the funds to Mr K sooner than it did. Given the timelines I've seen, I think a release at the beginning of November 2022 would've been more reasonable and would also have given Wise enough time to have carried out a proof of entitlement exercise. As Mr K has been deprived of the use of his funds, it should pay him 8% simple interest on £960 from 1 November 2022 until settlement, and the same rate of interest on £2,040 from 1 November 2022 up until settlement.

Compensation

Mr K has explained that being deprived of this money meant he had to borrow from high-cost lenders to meet his credit commitments. And he was forced to pay minimum payments on his credit card accounts. Mr K adds that the matter has caused him depression, anxiety, and substantive inconvenience.

But taking out high-cost loans is something Mr K chose to do when he may have had other options. I also note that most of the money that came into this account previously was sent to various other accounts Mr K held with external third parties. So I think its most likely he had access to other funds. Nor have I seen that he was paid regular income into this account. I also think such borrowing isn't reasonably foreseeable as a loss.

But I am persuaded that not having access to these funds would likely have caused Mr K some difficulty and distress in the way he explains. Having given this much thought, and referred to our guidelines on such awards, which are available on our website, I'm satisfied £250 is fair compensation.

Putting things right

To put things right, Wise should:

- *Refund Mr K £2,040*
- *Pay 8% simple interest on £2,040 from 1 November 2022 up until settlement**
- *Pay 8% simple interest on £960 from 1 November 2022 up until its release on 30 November 2022**
- *Pay Mr K £250 compensation"*

I then set both parties a deadline to send me any further comments and evidence. That deadline has passed. Wise has not responded. Mr K has accepted what I said I was planning on deciding – but thinks £500 would be fairer compensation for the distress and inconvenience he's suffered.

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.

Having done so, I'm planning on upholding this complaint in part.

The reasons for doing so are in my provisional decision – as above. I've considered however Mr K's comments about fair redress and that he should be paid more. But for the reasons I explained in my provisional decision, and as I haven't seen any new evidence or argument, I still think £250 compensation is fair award.

Putting things right

To put things right, Wise should:

- Refund Mr K £2,040
- Pay 8% simple interest on £2,040 from 1 November 2022 up until settlement*
- Pay 8% simple interest on £960 from 1 November 2022 up until its release on 30 November 2022*
- Pay Mr K £250 compensation

*If Wise considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

My final decision

For the reasons above, I have decided to uphold this complaint in part.

Wise Payments Limited must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 8 April 2024.

Ketan Nagla
Ombudsman