

The complaint

Mr B complained about eToro (UK) Ltd. He said it made a mistake when it handled his withdrawal request and because of this the money was returned to his account.

Mr B said eToro should pay him compensation for the mistake it made including refunding fees to him and making a payment for the distress and inconvenience he said it has caused.

Mr B has an account with a US finance company. He was looking for eToro to pay the withdrawal here. I have referred to this company as 'the third party' throughout.

The third party uses intermediary banks to process and then transfer funds on to its clients' accounts, in US dollars. Specifically, and with relevance to Mr B's complaint, the third party uses an intermediary bank to process and transfer dollars outside the US and I have referred to this company as 'the intermediary bank' in my decision.

What happened

Mr B has a trading account with eToro. On 12 October 2022 he made a withdrawal request and asked for the balance to be paid to an account held with the third party. He said he went onto eToro's website and filled out a form with his withdrawal request details about this.

Mr B said he instructed eToro to wire his funds and gave specific information regarding this. Mr B said eToro did not follow this and instead only used half the information he had provided, resulting in the funds being returned. Mr B said when the funds were returned to his eToro trading account, \$65 had been deducted. Mr B said this wasn't stated in its terms and conditions and eToro shouldn't have done this or it should have covered the costs of the failed withdrawal itself.

Mr B said eToro made a mistake and so it should refund him the fees incurred. He said it should make a payment for distress and inconvenience as well. He complained to eToro about this.

eToro said in response that it processed the withdrawal on 13 October 2022 for \$950.40 and did so by using an IBAN number relating to Mr B's account. It said the withdrawal was returned by the beneficiary bank and it gave the reason 'Beneficiary account invalid'. An amount of \$880.40 was returned on 17 October 2022. But says eToro, it didn't make any further charges and it provided a proof of transaction that it said shows that it received \$880.40, this being a lesser amount than what was initially withdrawn, back.

eToro said it has provided evidence that it didn't charge any additional fees. It said all USD related transfers are legally required to route through a US corresponding bank and these banks charge fees for processing payment transfers.

eToro said it carried out the correct procedure by completing the transfer directly using an IBAN number. It said it didn't do anything wrong.

Mr B was not happy with eToro's response and referred his complaint to our service.

I issued a provisional decision on this complaint in April 2024. Both parties have received a copy of that provisional decision, but for completeness I include an extract from the decision below. I said;

"I am currently upholding Mr B's complaint, and I will explain why.

Mr B wanted to withdraw all the funds on his eToro trading account. He had at that time \$950.40. Mr B wanted to pay this amount to a US account held with the third party.

As I have already mentioned, the third party works with intermediary banks, to allow people in different countries to hold an account with it. The premise being that any transfer made in the recipients country would be able to first go to an intermediary bank who would then convert the funds into US dollars and send on to an account held with the third party.

What I have just said is relevant to Mr B's complaint, because he was following instructions provided to him by the third party so he could do just that. Mr B was asking eToro to withdraw his funds and pay them to the intermediary bank – who would then transfer the funds to his account, held with the third party.

I have looked on the third party's website and have looked up its guidance for transferring US dollars from outside the US to it. It has given instructions on how to do this. I can see that Mr B tried to follow that advice by providing the details that he did, to eToro.

I have looked at eToro's terms and conditions and in particular have read clause 14 entitled 'how to pay money into, and take money out of, your eToro account'. I have read the terms provided in this clause carefully. In doing so, I think on balance, eToro ought to have either carried out Mr B's instructions in the way he requested them, or as it has described in its terms, rejected the transfer outright and provided Mr B with the reasons for that.

Instead, eToro did neither. It attempted to transfer the funds to the intermediary bank, but rather than use the account number provided by the intermediary, it instead used the account number for the third party. So, understandably, the intermediary sent the funds back, because it didn't recognise the account number, and eToro didn't provide all of the information it should have, so that the intermediary could identify what the funds were for.

So, I think eToro made a mistake here. It sent Mr B's funds to the intermediary bank with incomplete details, rather than send the correct information or as is it has described in its terms, reject the withdrawal request. It follows, that I currently think eToro are responsible for the funds being returned to it and I uphold Mr B's complaint.

I have concluded eToro has made a mistake in processing Mr B's withdrawal request, and Mr B has made losses because of this, So I think eToro needs to put things right here. To do this it needs to put Mr B back in a position he would have been in but for its mistake.

I currently think eToro needs to ensure Mr B has all fees charged to him refunded in relation to the erroneous withdrawal, so that his account is made up of his original balance of \$950.40.

eToro said it processed Mr B's withdrawal on 13 October 2022. If it had used the correct details provided by Mr B, then he would have been able to use his funds sooner. Mr B has been denied him the use of these funds from this date, so it should pay him interest for that.

Finally, I can see that Mr B has been inconvenienced by not having use of his funds and he said his account has been frozen, so he has been unable to access them up to now either. Mr B has also tried to explain what has happened and I can appreciate it must have been frustrating for him to not be able to get his complaint resolved. So, I think in light of this, eToro should pay Mr B £200 for the distress and inconvenience it has caused by making the mistake it has done with his withdrawal request.”

I asked both parties to let me have any comments, or additional evidence, in response to my provisional decision. eToro responded on 9 May 2024 and said it had no further information to add. Mr B didn't respond by the deadline.

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.

Neither party has anything further to add that I feel I need to comment on or that will change the outcome of this complaint. So, because of this, I don't see any reason to depart from my findings within my provisional decision. So, I uphold Mr B's complaint and eToro now needs to put things right.

Putting things right

To put things right in all the circumstances of Mr B's complaint, eToro should look to do the following:

- Repay all fees that Mr B incurred on his funds, due to the erroneous withdrawal. It should look to restore the balance of \$950.40 – the amount Mr B tried to withdraw at the outset.
- Pay simple interest at 8% a year on the corrected balance, from the date I have concluded eToro ought to have carried out the withdrawal, this being 13 October 2022 until the date of settlement. +
- Pay Mr B £200 for the distress and inconvenience caused for the reasons I have already given.

My final decision

My final decision is that I uphold Mr B's complaint about eToro (UK) Ltd. I direct eToro (UK) Ltd to put things right as I have described above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 June 2024.

Mark Richardson
Ombudsman