

The complaint

Miss D complains Wise Payments Limited (“Wise”) closed her account with immediate effect and didn’t explain why.

What happened

Miss D has also complained about being scammed, and of a transfer she made to a foreign account from her Wise account not being refunded. Both these complaint points will not form part of my decision, as they are either being dealt with, or fall under the remit, of another ADR (Alternative Dispute Resolution) scheme.

In March 2022, Miss D told Wise she had been the victim of a scam. Around five days later in early April 2022, Wise closed Miss D’s account with immediate effect. Any residual funds held in the account were then sent to Miss D a little while later. Unhappy with Wise’s actions, Miss D complained.

Wise didn’t uphold Miss D’s complaint about the account closure. In short, it said it won’t be reopening her account and it cannot give more information to her about what led to this decision due to the way its regulated.

Wise added that it had acted in line with the terms of the account and relevant regulations. Miss D referred her complaint to this service. One of our Investigator’s looked into Miss D’s complaint, and in summary, they found:

- Wise has legal and regulatory obligations which requires it to monitor and review its customers’ accounts. Wise doesn’t have to give notice or a reason. And the terms and conditions allow it to limit the use of an account while undertaking a review
- Based on the information Wise has provided, it was entitled to close Miss D’s account without notice
- But Wise should have notified Miss D as soon as it had closed the account that it had done this by email or SMS - and told her about any next steps. But as Miss D found out about the closure by contacting Wise herself, it could have saved her the trouble and inconvenience of doing so. Because of this Wise should pay Miss D £50 compensation

Wise accepted what our Investigator said. But as Miss D did not agree with what our Investigator said, this complaint has been 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.

Having done so, I’ve decided to uphold 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks 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.

Financial businesses in the UK, like Wise, are strictly regulated and must take certain actions to meet its legal and regulatory obligations. Wise is also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Wise needs to restrict, or in some cases go as far as closing, customers' accounts.

I've looked at the reasons Wise reviewed Miss D's account, and I'm satisfied it did do 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 Miss D had to comply with, say that it could close the account by giving them 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 Miss D would like to know what those reasons are, but as I've said, the information given to me by Wise is such that we consider it should be kept confidential. I'd add too that I'm not aware of any obligation under which I, or Wise, must disclose this.

So, that means I don't think Wise have acted unfairly or improperly in closing Miss D's account immediately. But I do think Wise has failed to act reasonably by not telling Miss D of its decision to do so in a timely way. Miss D only found out about the closure after contacting Wise herself.

I agree that having to do this, would've caused her some trouble in the form of inconvenience. So I think £50 is fair compensation for the inconvenience suffered.

My final decision

For the reasons above, I uphold this complaint in part. I now direct Wise Payments Limited to pay Miss D £50 compensation - if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 31 August 2023.

Ketan Nagla
Ombudsman