

The complaint

Mr B complains that eToro (UK) Ltd closed his account with very short notice and without providing him with an adequate explanation.

What happened

In January 2023, Mr B received a payment, split into four transactions, from a business acquaintance of his. He used the money to buy cryptocurrency through a cryptocurrency exchange company. Subsequently he received an e-mail on 31 January from eToro asking him to confirm the account transactions, as well as the reason for the payments and his connection to the sender, as a precaution. It did not hear from him within seven days so it then wrote to advise him that it was suspending his account. Mr B provided the information.

eToro then advised him that upon further review of his account, and in accordance with its Terms and Conditions, it was no longer able to offer him its services, and his eToro account had been closed. Mr B asked eToro for a further explanation. However it could only repeat that the account was closed in line with its Terms and Conditions and Acceptable use policy. It advised him that it would return the funds on the account once Mr B provided it with a bank statement showing the account that he wanted the money to be transferred to.

Mr B made a formal complaint to eToro explaining that he would lose a substantial amount of money by being forced to close his accounts. He asked for a detailed explanation and also asked that his cryptocurrency be transferred to a cryptocurrency wallet.

eToro reiterated its position, but did not provide any further explanation. It said that Mr B's cryptocurrency had been converted to dollars and added to his trading account. It also reiterated that his remaining funds would be transferred to an account of his choosing.

On referral to the Financial Ombudsman Service, our Investigator said that she couldn't uphold Mr B's complaint. She was satisfied that eToro had acted within regulatory requirements.

Mr B rejected our Investigator's view and asked for an Ombudsman's decision. The matter has been passed to me for further consideration.

I requested that eToro provide an explanation for why it closed the account and why it gave such a short period of notice for doing so. An explanation has been provided to us, in confidence.

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.

Under UK legislation, regulated financial businesses are subject to extensive obligations. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds and there may be penalties if they don't. These applications override

all other obligations. I'm satisfied that eToro was complying with these obligations when it reviewed Mr B's account. I make this point specifically as Mr B feels that eToro has acted in breach of various regulations and FCA principles.

Under the Terms and Conditions of his account and in line with its Acceptable use policy, eToro was able to close Mr B's account. It isn't obliged to provide an explanation, but nonetheless I have to be satisfied that eToro's decision was reasonable and that it treated Mr B fairly in closing the account and with short notice.

eToro has provided us with information in confidence which it is entitled to do. After review of that information and the details shared with Mr B, I think that eToro acted fairly in closing Mr B's account and in giving him 5 days' notice. In fact due to its review of his complaint Mr B was effectively given a month for the process to conclude.

I understand that Mr B feels he has lost money by his accounts being closed with such short notice and by having his cryptocurrency converted back into dollars. However, as I'm satisfied that eToro has acted appropriately here, I can't make a finding concerning financial losses.

In correspondence with the Financial Ombudsman Service, Mr B has said that not all of his money has been transferred to him. He hasn't provided us with an update on this so it may be that he has now received the full balance on his account. Mr B's complaint to us concerned the closure of his account. If he hasn't received all the money on his account, I take the view that he should make a further complaint to eToro about it as there may be valid reasons why it has not provided him with that.

In summary, I am satisfied that eToro acted reasonably in closing Mr B's account, so I won't be upholding his complaint.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 11 December 2023.

Ray Lawley
Ombudsman