

The main difference between custodial and non-custodial wallets is private key ownership.

In a custodial wallet (on a CEX) you don't know your private key, so in this case you don't really own your money. If the CEX wants, they can freeze your money or take it.

In a non-custodial wallet like Metamask, only you own your private key (seed phrase), so the funds cannot be controlled by anyone else but you.