

## The complaint

Mr H complains that Wise Payments Limited didn't do enough to prevent him losing money to an alleged investment scam.

Mr H has used a representative to bring his complaint, but for ease of reading, I'll mostly just refer to and will ascribe the representative's comments to Mr H.

## What happened

The background to this complaint is well known to both parties. So, I will keep my summary of what happened brief and focus on the reasons for my decision.

Mr H says he saw a celebrity endorsed advert for an investment firm that I'll refer to as 'T'. He says initially he made a small deposit of £200, which was not made through Wise. Then in July 2022 he transferred £5,000 from his account with another bank to Wise and then onto a crypto exchange platform – 'B', for the purchase of cryptoassets which he believed were used to fund his investment with T. Mr H realised he'd fallen victim to a scam when T refused to let him withdraw his funds, its website disappeared, and it ceased communication.

Mr H reported the matter to Wise. He asked it to reimburse him as he believed it had failed to protect him from a scam. Wise didn't uphold Mr H's complaint and the matter was referred to our service. Our Investigator concluded as there had been no failure by Wise which had resulted in a loss to Mr H, it didn't need to do anything further to resolve this complaint. Mr H did not accept the Investigator's assessment and asked that an Ombudsman review the case.

In November 2023 I issued a provisional decision in which I said:

*"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 not intending on upholding this complaint. I appreciate the outcome will be disappointing for Mr H, and I'm genuinely sorry to hear about his loss, but I can't fairly and reasonably ask Wise to refund this. And as I'm providing a greater level of detail, I'm issuing this provisional decision to give everyone a further opportunity to comment before finalising my decision.*

*Mr H has allegedly suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Wise. In this case, it would only be fair for me to tell Wise to reimburse Mr H his loss (or part of it) if I thought Wise reasonably ought to have prevented the payment in the first place; it unreasonably hindered recovery of the funds after Mr H had notified it of the alleged scam; and if I was satisfied, overall, this was a fair and reasonable outcome.*

*It is accepted that Mr H authorised the relevant payments, albeit I understand he says he was tricked by scammers into doing so. Wise would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr H is presumed liable for the loss in the first instance. That being said, as a matter of good industry practice Wise should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Wise to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments.*

*In this case I understand Mr H's Wise account was newly opened; there was effectively no account history aside from two £20 top ups and a £40 transfer out, before the disputed payment, for Wise to refer back to, in order to assess whether this payment ought to be regarded as sufficiently unusual to warrant intervention. This doesn't mean Wise shouldn't still have been on the lookout for unusual or suspicious activity. And I've taken on board the points Mr H makes for why he thinks the payment ought to have concerned Wise. But I don't think Wise not intervening in these specific circumstances was unreasonable. I say this because Mr H's account was newly opened so no established pattern of use and no specific purpose for the account was known to Wise at the time. It wouldn't be particularly uncommon for users of an electronic money institute (EMI) account, like this one, to open the account and use it in this way. Wise when asked has also confirmed that it didn't know the payment was being made to B and/or that it was for the purchase of cryptoassets. I also haven't seen anything about the payment instruction that would have informed Wise of this. Mr H was the named beneficiary on the payment instruction, the reason given for the payment was "sending money to yourself" and there was a successful confirmation of payee match. Whilst I appreciate this doesn't negate the possibility Mr H was being scammed, these factors might reasonably have caused the risk to be viewed as lower than it otherwise might have been.*

*Overall, I just don't think the payment, was sufficiently suspicious, in this case, for me to say Wise ought to have intervened, before allowing the payment through. I also understand that Wise hadn't received any prior reports, regarding the account to which Mr H's payment was headed, to cause it concern.*

*Finally, I've considered if there was anything Wise did or didn't do that impacted on whether anything could be recovered from Mr H's account with B. And ultimately, I'm satisfied that, upon receipt of notification of fraud, there wasn't anything Wise could've done that would've resulted in the recovery of Mr H's funds. The crypto exchange account was in Mr H's name and had anything remained he could have spoken to B directly. In any case it would also appear from Mr H's version of events that the funds were used to purchase cryptoassets which were sent on from B to the alleged scammers under the guise of them funding Mr H's investment with T."*

I asked both parties to send me any further comments and/or information they want me to consider. Wise did not respond to my provisional decision. Mr H shared a decision by an Ombudsman colleague of mine which he says arises from similar circumstances. He wanted to understand why the outcome I've reached differs.

Now that both parties have had an opportunity to comment, I can go ahead with my final decision.

## **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.

I am sorry to hear that Mr H has fallen victim to a scam. Understandably he wants to do all that he can to try and recover his loss. But nothing he has said in response to my provisional decision has persuaded me to deviate from the outcome I've reached, as set out above.

I've taken on board and carefully considered Mr H's comments about what he understands our services approach to out of character payments to be, and the decision he has shared in which an Ombudsman colleague concluded a payment of £5,000 was out of character and ought to have prompted questioning before being processed. But firstly, I must point out that we decide each case upon its own individual merit. Secondly, I can, of course see why Mr H would question the outcome I've reached, given that the other complaint is also against Wise and involving a payment for £5,000. But having read the other decision there are material differences, such as the length of time the accounts had been open. In that complaint the account was not newly opened (as is the case here) – it had several months of activity. Subtle differences in the individual circumstance of each case can influence what can fairly and reasonably be expected. I've already shared detailed reasoning why, in this case, I've reached the outcome I have. So whilst I understand why Mr H flagged the decision he did, it doesn't change my mind, and I have no reason to depart from the outcome I explained in my provisional decision.

## **My final decision**

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 15 January 2024.

Sonal Matharu  
**Ombudsman**