

## The complaint

Mrs B complains that Wise Payments Ltd ('Wise') won't refund the money she lost in a scam.

## What happened

Mrs B is represented in this case but for ease I'll mainly refer to Mrs B.

Mrs B says that she saw an advert on a social networking site offering trading services. She also saw an article from someone who had made a lot of money. Mrs B was interested in making some extra money and left her contact details. A manager then contacted Mrs B to discuss the investment opportunity and she decided to go ahead. Mrs B had regular contact with the manager who kept her updated on how her investment was performing and was given help to buy and sell cryptocurrency.

I have listed the payments Mrs B made in the table below. I understand that most of the payments were to increase her investment but that later payments related to taxes.

Payment number	Date	Amount
1	22/07/22	£2,500
2	05/08/22	£2,000
3	12/08/22	£1,300
4	15/08/22	£1,300
5	16/08/22	£3,200
6	23/08/22	£3,000
7	31/08/22	£5,000
8	13/09/22	£1,026
9	13/09/22	£3,974
10	16/09/22	£3,418
11	16/09/22	£2,900
<b>Total</b>		<b>£29,618</b>

Mrs B realised she was the victim of a scam when she was unable to withdraw funds. Through her representative, she complained to Wise in early October 2022.

Wise didn't agree to refund any of the transactions Mrs B made. It referred to its terms of use and said that as a money remittance service Wise isn't able to get involved in disputes between senders and recipients. Wise also said that it had no way of knowing if the transactions were out of character as there was no payment history to compare the

transactions to. It also couldn't recall the payments but had taken appropriate action to prevent further fraud.

Mrs B was unhappy with Wise's response and brought a complaint to this service.

### *Our investigation so far*

The investigator who considered this complaint didn't recommend it be upheld. She said that given the account was newly opened the payments weren't unusual and there was nothing to indicate Mrs B was at risk of financial harm. She noted that Wise accounts are largely used for sending high value transactions to individuals so the value of the transactions alone wouldn't be enough to alert Wise to any issues.

Mrs B didn't agree with the investigator's findings and asked for a final decision, so the case has been passed to me to consider. In summary, she said:

- The payments should have triggered Wise's fraud prevention systems due to their size and the fact they were out of character. Wise should have been aware that scammers often ask victims to open new accounts so Wise should have been on the lookout for large payments from new accounts and intervened when payment five in the table above (for £3,200) was made, as by that stage Mrs B had transferred £5,800 in four days.
- The argument that the account is new ignores some of the biggest scam trends. Moving relatively large funds into a new account and sending these funds to buy cryptocurrency matches a known cryptocurrency scam trend. Wise should have identified these large payments to a cryptocurrency exchange.
- Action Fraud and the FCA warned about cryptocurrency scams in 2018.
- If Wise had intervened the scam would have been uncovered.

### **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'm very sorry that Mrs B has lost so much money in a cruel scam. I need to decide whether it would be fair and reasonable for Wise, in all the circumstances of this case, to be held responsible for this loss.

Wise is an electronic money institute and not a bank so isn't subject to the same expectations set out in guidance and regulations as a bank when it comes to fraud prevention. Wise should execute payment instructions without undue delay. And as a starting point there is a presumption that liability for authorised payments is on the payer, even where it might have been made as part of a scam.

I think Wise might be liable for reasonably foreseeable losses if, in breach of its duty of care, it fails to act on information which ought reasonably to alert a prudent authorised payment institution to potential fraud or financial crime by, or against, its customer. So I think Wise should be on the lookout for unusual and out of character transactions and exercise reasonable skill and care. But I don't think Wise has failed in its obligations to Mrs B in this case and will explain why.

I recognise that payments to cryptocurrency exchanges from a newly opened account can represent a scam risk. But in this case Mrs B paid individuals via a peer to peer platform that allows traders to buy and sell cryptocurrencies directly with other individuals. This means that the payments Mrs B made appeared to Wise to be to individuals and not to a cryptocurrency exchange. So Mrs B's representative's points about known cryptocurrency scam trends don't apply here.

Mrs B opened her account with Wise on 20 July 2022 and no reason for opening the account was given and she wasn't required to give payment reasons. She topped up her balance but the only transfers she made were the scam transactions. So, Wise had no previous account history to compare the transactions with and didn't request information to assess whether the payment reason matched the account opening reason. Added to this, the transactions Mrs B made were of relatively low value and weren't made in quick succession. The overall loss is high, but the transactions were made over close to two months.

Whilst I recognise that scammers get victims to open new accounts, there's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments from new accounts were stopped while further enquiries were made, many legitimate payments would be affected, which would cause significant disruption and delay.

I don't agree that Wise should have intervened when the fifth payment was made as Mrs B's representative has suggested. Payments three, four and five were made over a four-day period, so not in rapid succession which might be indicative of, for example, a safe account scam. I don't consider there was a pattern of fraud that Wise ought reasonably to have picked up on and the value of the payments remained relatively low and in line with earlier payments.

After the fifth payment there was a week before the next payment and a further week to the seventh payment. Whilst the value of payment seven is a little higher than previous payments, I don't consider it is sufficiently out of character that Wise ought to have intervened. There isn't the kind of sudden increase in spending that would indicate a scam risk that warranted intervention. Mrs B called Wise on 31 August 2022. In this call, she couldn't provide identification details and was talked through this. Mrs B referred to receiving money before ending the call. I'm not satisfied Wise should have realised something was wrong based on this call.

On 13 and 16 September 2022 Mrs B made two payments per day, but I don't think this means Wise ought reasonably to have intervened. The cumulative value of the transactions on each day was around the same as the £5,000 payment on 31 August and I'm not persuaded a pattern emerged that Wise ought to have been concerned about.

Each payment Mrs B made was to a new payee, but Wise accounts are used to send payments to individuals, so I don't consider this to be unusual either.

In deciding that Wise acted reasonably in processing these payments I've also taken into account the fact Wise has confirmed it hadn't received any reports about any of the recipients. So there were no other indications that Mrs B was at risk of financial harm.

For completeness, the Contingent Reimbursement Model Code doesn't apply in this case for a number of reasons including the fact Wise hasn't signed up to it.

Overall, whilst I realise my decision will be disappointing to Mrs B after losing a large amount of money, I can't reasonably hold Wise responsible for her loss.

### **My final decision**

For the reasons stated, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B to accept or reject my decision before 19 December 2023.

Jay Hadfield  
**Ombudsman**