

## The complaint

Mr S has complained that Wise Payments Limited (“Wise”) has refused to refund him the money he lost falling victim to a scam.

Mr S is being represented by a third party. To keep things simple, I will refer to Mr S throughout my decision.

## What happened

The background of this complaint is well known to all parties, so I won’t repeat what happened in detail.

In summary Mr S saw an interview on the social media platform Facebook about a business called Triton Capital Markets (X). Interested in what appeared to be a genuine investment opportunity Mr S searched online about X, and after finding positive reviews decided to contact X about the investment.

X gave Mr S some background to the business and explained it invested in a range of cryptocurrencies that produced good returns for its customers.

Mr S was told that payments into the investment needed to be made in crypto, and on advice of X he set up an account with Wise to facilitate the purchase of the crypto. Mr S was told the account with Wise would make such transactions easier.

X also helped Mr S setup accounts with different cryptocurrency exchanges (Pure Wallet, Moonpay and Binance).

On instruction of X the following payments were made into the scam:

<u>Date</u>	<u>Payee</u>	<u>Amount</u>	<u>Payment Method</u>
18 May 2021	Pure Wallet	£95,000.32	Transfer
25 May 2021	PFS Client	£95,000.00	Credit
26 May 2021	Credit Suisse	£45,004.27	Transfer
28 May 2021	Credit Suisse	£50,004.27	Transfer
3 June 2021	Credit Suisse	£50,004.27	Credit
11 June 2021	Binance	£5,000.00	Debit card Payment
11 June 2021	Binance	£5,000.00	Debit card Payment
12 June 2021	Binance	£5,000.00	Debit card Payment
12 June 2021	Binance	£5,000.00	Debit card Payment
13 June 2021	Binance	£5,000.00	Debit card Payment
13 June 2021	Binance	£5,000.00	Debit card Payment
15 June 2021	Polish account	£20,000.00	Transfer

Mr S says when he attempted to pay into the investment via Pure Wallet the funds were returned. He received a call saying the payment would need to be returned due to someone hacking his account. As he received the money back into his account this made him confident the investment was legitimate.

Mr S has not been able to recover the funds lost to the scam.

Our Investigator considered Mr S's complaint but didn't think it should be upheld. Mr S disagreed so 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.

It has not been disputed that Mr S has fallen victim to a cruel scam. The evidence provided by both Mr S and Wise sets out what happened. What is in dispute is whether Wise should refund the money Mr S lost due to the scam.

#### *Recovering the payments Mr S sent*

Mr S sent payments into the scam via debit card and transfer.

For payments made by card the only option available to Wise of recovering funds is by requesting a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

As Mr S reported the scam to Wise outside of the time limits the chargeback process was not available to him.

Wise has limited options available to it when payments are made by transfer. Although wise attempted to recover the payments from the payee it was not able to do so.

With the above in mind, I am satisfied Wise was unable to recover the payments Mr S made.

#### *Should Wise have prevented the payments Mr S made?*

Mr S has accepted he authorised the payments he made from his Wise account, so the starting point here is that Mr S is responsible. However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Wise should have stepped in when Mr S was attempting to make the payments, and if it had, would it have been able to prevent the scam taking place.

On 5 May 2021 and 1 April 2022, a warning about X was published on the IOSCO's website. I would have expected Wise's internal watchlist to have been updated with this information by the time Mr S made his first payment. However, Mr S didn't make payments from his Wise account to X directly.

The first payment Mr S made from his Wise account on 18 May 2021 was for just over £95,000. This is a significant payment and although there was limited history to compare this

to how Mr S would be using his account, I still think the payment should have triggered Wise's fraud prevention systems prompting it to step in and question what the payment was in relation to.

However, I don't think it would have made a difference if Wise did step in and warned Mr S about a potential scam at this stage or any other. I say this because Mr S transferred the money into his Wise account from another of his accounts with another bank (Bank B). As Mr S has a separate complaint with Bank B it sent us call recordings related to that complaint.

On 11 May 2021 before Mr S made the first payment from his Wise account, he had two telephone conversations with Bank B. I have listened to these calls.

Mr S explained in both calls that he was trying to make payments to X that had been stopped and he wanted to continue the payments. Bank B explained that it believed Mr S was at risk at falling victim to a scam and declined to make the payments on his behalf. Bank B did not believe the payments Mr S was making were genuine.

Despite this clear warning that Mr S was falling victim to a scam (highlighted above) he continued to make payments as directed by X. So even if Wise had stepped in as it should have done, I think Mr S would have continued to make the payments regardless of any further warning he received.

With the above in mind, I don't think Wise missed an opportunity to prevent the scam, so it is not responsible for Mr S's loss.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 17 August 2023.

Terry Woodham  
**Ombudsman**