

## **The complaint**

Mr B complains that Wise Payments Limited won't refund the money he lost to a scam.

## **What happened**

The details of this complaint are well known to both parties, so I won't repeat them all again here. Instead, I'll summarise the key points, and focus on giving reasons for my decision:

Mr B fell victim to a cryptocurrency scam. As part of this, he was persuaded to set up an account with Wise in June 2022. He used this to make a payment of £4,980 to his existing cryptocurrency wallet. A few days later, he transferred a further £4,500 to the same cryptocurrency merchant. From there, I understand the funds were loaded on to a fraudulent trading platform.

Mr B subsequently realised he had been scammed and asked Wise to refund him. It didn't agree, saying it had processed the payments as requested. Supported by a professional representative, Mr B referred the matter to our service.

Our investigator didn't uphold the complaint. She didn't think Wise had cause to suspect Mr B was being scammed at the time. Nor could it recover the funds through the chargeback scheme, which offers some recourse for certain card payment disputes, as the merchant paid directly had provided the expected service by loading the funds to the cryptocurrency wallet as instructed.

Mr B has appealed the investigator's view. He argues that Wise should have intervened with the first payment – and that would have uncovered the scam.

## **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.

Having done so, I agree with the conclusions reached by the investigator for these reasons:

In line with the Payment Services Regulations 2017, Wise is expected to execute authorised payment instructions without undue delay. Mr B's representative has confirmed that he authorised these payments. So, although he was duped into making them, the starting position is that he's liable for the resulting loss.

However, there are circumstances when it might be appropriate for Wise, as an electronic money institute (EMI), to identify a fraud risk and to therefore take additional steps before processing a payment. Such as when the payment is significantly unusual or uncharacteristic when compared to the normal use of the account.

In this case, Mr B had set up a new account. So the first payment did not appear unusual or uncharacteristic – as Wise had no prior knowledge of the way Mr B usually transacted.

The merchant Mr B paid was providing legitimate services, so I don't think the payment

destination ought to have appeared concerning. I appreciate the payment amount was reasonably high. But I'm also conscious that Wise is an EMI, not a bank. It's not that uncommon for EMI accounts to be opened to make larger payments compared to those made via banks. In those circumstances, I don't think the payment looked so unusual that Wise ought to identified it as possibly fraudulent.

Given that I don't think the first payment looked suspicious, I don't think Wise had cause for concern about the second payment either. It looked very similar for the first – as it went to the same merchant and was for a similar (but slightly lower) amount. Overall, I'm satisfied it was reasonable that Wise processed the payments as requested without completing further checks. I don't think it's at fault for not realising Mr B might be at risk of fraud at the time.

As the payments were made to a legitimate cryptocurrency merchant, it's also reasonable that Wise didn't explore raising a chargeback claim. Although the chargeback scheme offers some protection for card payment disputes, such a claim would only be considered against the merchant paid directly. Mr B's underlying dispute is about the scammers, not the cryptocurrency merchant he paid using his Wise card – who it's agreed loaded the wallet(s) in line with the requests received. I don't think Wise could have helped Mr B recover his funds as I don't think a chargeback claim against the cryptocurrency merchant would have succeeded.

I appreciate this will be disappointing for Mr B, who has clearly lost a lot of money to a cruel and sophisticated scam. But I don't think Wise is at fault for this loss. And so I don't consider it fair to direct Wise to refund him or otherwise compensate him.

### **My final decision**

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 5 September 2023.

Rachel Loughlin  
**Ombudsman**