

## **The complaint**

Mr B complains that Wise Payments Limited (“Wise”) won’t refund money he lost when he fell victim to a cryptocurrency investment scam.

Mr B is being represented by a claims management company in this complaint.

## **What happened**

The details of this complaint are well known to the parties and have also been set out previously by the investigator. So, I’ll provide a brief overview and focus on giving my reasons for my decision.

In September 2022, Mr B made two card payments – £1,000 and £5,000 – to a cryptocurrency exchange from his newly opened Wise account, which he set up specifically for the investment opportunity under the instructions of his ‘financial adviser’. Unfortunately, the opportunity and the adviser turned out to be a scam.

Mr B notified Wise about the scam in November 2022. It was unable to recover the funds from the beneficiary and refused to refund the transactions. Our investigator concluded that Wise ought to have given a general scam warning when Mr B authorised the £5,000 transaction. But they didn’t think this would have stopped him from going ahead with the payment.

Mr B’s representative doesn’t agree with the investigator’s findings. In summary, the representative submits that the £5,000 was out of character compared to Mr B’s normal account activity and it went to a cryptocurrency exchange. The representative also states that the outcome is inconsistent with an ombudsman’s final decision on another complaint about Wise which has identical facts.

## **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 the following reasons:

- Mr B’s representative knows that this service considers each case on its own merits. I don’t intend to comment on the findings made by one of my ombudsman colleagues on a different case, save to say that the facts of that case and the one before me aren’t “basically identical” as has been suggested. The transaction amount involved might have been the same, but in Mr B’s case the account had been opened just five days prior to the first disputed transaction. Unlike the other case, there was no transaction history here for Wise to have compared the disputed transactions to.
- Wise is an electronic money institution (EMI), not a bank or building society. EMIs are set up with the purpose of sending and receiving money and the type of payments

they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. Where there's no previous account history, what should reasonably strike Wise as concerning for a first payment isn't down solely to the transaction amount involved. I haven't seen any other factors at play here such that, in my view, Wise ought to have been concerned and ought to have intervened and questioned Mr B before executing his authorised instructions. Purchasing cryptocurrency is a legitimate exercise.

- In the circumstances of this case, the provision of a warning about scams in general would have been a sufficient step for Wise to take when Mr B authorised the £5,000 payment. We know that no such warning was provided at the time. But as the investigator has explained, and I agree, the provision of a general scam warning is unlikely to have stopped Mr B in his tracks.
- Having reviewed the available information, I'm not convinced that a warning of that nature would have led to a different outcome. At the time of reporting the scam to Wise, Mr B explained that his financial advisor (the scammer) was giving instructions and assisting him with the payments. So, even if Wise had provided a general scam warning as I think it should have, and Mr B had reviewed it, I'm more persuaded that the scammer's reassurances would have outweighed the warning and he would have still gone ahead with the payment.
- I've also thought about whether Wise could have done more to recover the funds after it became aware of the situation, as in some circumstances the money can be recovered. Mr B's payments went to a cryptocurrency exchange. He wouldn't be able to make a successful chargeback claim in the circumstances because the merchant he paid did provide the service requested (i.e., conversion of fiat money into cryptocurrency). So, I don't think Wise was under any obligation to raise a chargeback dispute for Mr B. I understand that it tried to recall the funds but was unsuccessful.

In summary, I recognise that this will come as a considerable disappointment to Mr B. I fully acknowledge that he's lost a significant amount of money. But having considered the matter very carefully, for the reasons given, it wouldn't be fair of me to hold Wise responsible for his loss.

### **My final decision**

For the reasons given, 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 B to accept or reject my decision before 28 September 2023.

Gagandeep Singh  
**Ombudsman**