

The complaint

Mr K complains that Wise Payments Limited (Wise) hasn't refunded him after he fell victim to an investment scam.

What happened

I've discussed the circumstances of this case and my findings with both parties already. And each has had an opportunity to respond. I'm issuing this final decision as Mr K agreed with my findings, but Wise did not. As both parties are familiar with all the circumstances, I'll only summarise what happened.

Mr K became caught up in an investment scam after seeing what appeared to be a legitimate advert online. After following the link and speaking with a scammer, who posed as an investment adviser, Mr K was persuaded to send money for what he believed were cryptocurrency investments. He opened a Wise account to facilitate these payments.

On the first day of opening the account Mr K transferred in £25,020. He then set up five separate new payees (with all recipient accounts held at Wise) and made the following payments:

Payment number	Amount
1	£4,999
2	£4,998
3	£4,997
4	£8,000
5	£2,000

A further payment of £5,000 was sent to another new payee three days later.

Mr K realised something was wrong when he attempted to make further payments. He found his Wise account had been blocked. Once he started to question why that was the scam was revealed and Mr K asked Wise to refund his losses.

Wise investigated but said it wouldn't provide a refund. It said it'd had no reason to question the payments going out of Mr K's account as it didn't think the activity was suspicious or unusual. It also noted that Mr K had said he was sending money to himself, rather than saying he was making an investment. Wise says this stopped them from being able to provide a written warning that more closely aligned with what he was doing.

Wise also said that Mr K hadn't done enough to ensure the investment and the parties involved were genuine.

Mr K was unhappy and so brought his complaint to our service. One of our investigators upheld the complaint and said Wise ought to have intervened at payment two. She felt that the account activity was unusual enough that it should have given Wise cause for concern. She said it should have questioned the payments and, had it done so, the scam would more likely than not have been revealed. Having made that finding she recommended Wise refund

Mr K's losses from payment two onward and pay interest on that refund at 8% simple per year.

Wise disagreed and so the complaint has been passed to me for a final decision.

I reviewed the complaint and agreed with what the investigator said about the account activity and how it ought to have concerned Wise. And I agreed that it ought to refund some of Mr K's losses as it didn't intervene and prevent the scam when it fairly and reasonably should have.

However, I also agreed with some of what Wise had said. I didn't believe that enough was done by Mr K to verify the legitimacy of the investment opportunity or to ensure the parties with whom he was dealing were genuine. I found that it would then be fair and reasonable for Wise and Mr K to share responsibility for the loss from payment two onwards.

I contacted both Wise and Mr K to explain this position and what it meant for the outcome of the complaint. Mr K accepted the outcome. Wise didn't.

Wise disagreed that it should have stepped in at payment two. It didn't think the transactions were unusual enough at that point to warrant intervention. It did, however, say it should have started asking questions at payment four.

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've considered what both parties have said since I contacted them about the proposed outcome. Mr K accepted the outcome and so there's little more to think about from his side. But Wise disagreed with what I've said. So I've thought about its objections.

The key point of disagreement concerns the stage at which Wise should have stepped in to question what Mr K was doing in order to protect him from financial harm through fraud. I have said there were enough warning signs at payment two, and that remains my view.

In reaching this outcome I have considered that Mr K's Wise account was newly opened. That means Wise has little to work with in terms of past transactions on which to assess behaviour. That is a consideration that cuts both ways. It's not possible for payments to stand out as unusual against any made in the past. But similarly, payments can't look normal or routine if there's nothing to compare against.

I accept the nature of Wise's core business is different to that of a traditional bank and payment behaviour may look different. But here there were signs the payments were at risk early on.

Mr K set up two new payees and sent nearly identical large value payments to them. When he chose a payment purpose he selected '*sending funds to yourself*'. It's this additional factor that persuades me an early intervention ought fairly and reasonably to have taken place. Mr K had specifically said he was sending money to himself, and Wise knew that wasn't true. And Mr K did that twice in quick succession.

I find it's fair and reasonable to say that Wise ought to have used all the information it had about the proposed payment to make its risk assessment. That includes considering the payment purpose and whether that is reflected in what was actually happening with the payment. Here that information mismatched twice, on two newly created payees, with two large value payments being made, and equalling almost £10,000 being sent quickly from a new account.

I'm satisfied these factors ought to have combined to give Wise enough cause for concern that it ought to have paused or blocked the second payment until it could discuss further with

Mr K. That intervention needed to be more than a written warning, which is why I don't believe the warning that was provided by Wise was enough.

I'm further satisfied that intervention would have prevented any further loss to Mr K, a point which hasn't been disputed by Wise. It's for these reasons I find Wise ought to bear shared responsibility for Mr K's loss from payment two. That's an outcome that fairly and reasonably addresses both parties' actions in making the payments.

Putting things right

Upon Mr K's acceptance Wise should:

- refund 50% of Mr K's loss from payment two onward, totaling £9,997.50;
- apply simple interest to that refund at 8% per year, calculated from the date of loss to the date of settlement.

My final decision

I uphold this complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 December 2023.

Ben Murray
Ombudsman