

## **The complaint**

Mrs O complains that Wise Payments Limited didn't do enough to protect her from the financial harm caused by an investment scam company, or to help her recover the money once she'd reported the scam to it.

## **What happened**

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mrs O was looking into investing in cryptocurrency and came across a company I'll refer to as "R". She entered her contact details into an online enquiry form and was contacted by someone claiming to be someone from R who introduced her to a company I'll refer to as "A". She made an initial payment of £300 and was then contacted by a broker.

Mrs O checked TrustPilot and found positive reviews about both R and A. She also found videos and articles on financial sites which reassured her the investment was genuine. The broker was able to answer complex questions and told her she'd need to complete verification checks as part of their KYC and Anti-Money Laundering (AML) regulations, which required her to submit photo ID and proof of address. She was also given access to a trading portal, which was extremely detailed and professional and showed the fluctuating exchange rates of various currencies.

The broker advised Mrs O to open an account with Wise and to download AnyDesk remote access software to her device so he could invest on her behalf. He advised her to first purchase cryptocurrency through a cryptocurrency exchange company and then load it onto an online wallet. On 25 July 2022 and 2 August 2022, she transferred £5,000 and £10,000 to an account in her own name. During the scam period she received a withdrawal of £988.

She received regular updates regarding the investment, but she realised she'd been scammed when the broker called her on a foreign number. She became suspicious and asked to withdraw her profits, but the broker began to make excuses about why she should keep her profits and became angry with Mrs O for continuing to request withdrawals.

Mrs O asked Wise for a refund complaining of a lack of customer service and information. But Wise refused to refund any of the money she'd lost. It said that once a transfer is sent, the funds are no longer under its control and the obligation of ensuring the legitimacy of the recipient lies with the sender and it was unable to reverse or recall payments once they are marked as complete. It said it had attempted to recover some of the funds by sending a recall request to the beneficiary bank, but it closed the request as it didn't receive a response.

Mrs O wasn't satisfied and so she complained to this service arguing that Wise had failed to intervene or to provide any effective scam warnings, messages or calls to question the payments. She said that if Wise had stopped the payments and asked her why she was sending the payments, she would have explained what she was doing, and it would have alerted her to the fact she was being scammed. She didn't have a history of sending large

payments, so the scam payments should have flagged on their system as they were out of character.

Mrs O's representative said Wise should have intervened because she made two large and unusual payments to a new payee linked to cryptocurrency within eight days. In particular, the first payment should have been flagged as she was paying a new payee with links to cryptocurrency and had only just opened the account. They said Wise should have asked if there was an investment company involved and if so, how she found out about the company.

It should also have asked whether she'd researched the company, whether she'd checked the Financial Conduct Authority ("FCA") website, whether she'd been promised unrealistic returns and whether she'd received any withdrawals

They said Mrs O wasn't prompted to give false answers, so Wise would have discovered the investment had the hallmarks of a scam and even though she was sending money to a legitimate cryptocurrency merchant, it should have still provided a scam warning.

Our investigator didn't think the complaint should be upheld. He said that there was almost no prior account activity to compare the payments with. He explained that the in-app warning messages that were displayed when Mrs O made the payments were clear and highlighted that with any transfer, there's always a risk of losing money if it later turns out to be a scam. And he didn't think it would have made any difference if Wise had contacted Mrs O by phone because she'd seen positive reviews online and there were no obvious red flags.

Mrs O has asked for her complaint to be reviewed by an Ombudsman. She has argued that the in-app warning didn't mention investment scams and that a better intervention with education on typical patterns of behaviour in investment scams would have allowed her to make a more informed decision and prevented her from going ahead with the payments.

### **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've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Miss O has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

The CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Miss O says she's fallen victim to, in all but a limited number of circumstances. The CRM code didn't apply in this case because Miss O paid an account in her own name.

I'm satisfied Miss O 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Miss O is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Miss O didn't intend her money to go to scammers, she did authorise the disputed payments. Wise is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

## *Prevention*

I've thought about whether Wise could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to a genuine cryptocurrency exchange company. However Wise fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Miss O when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Wise to intervene with a view to protecting Miss O from financial harm due to fraud.

Both payments were to a merchant linked to cryptocurrency and they were for £5,000 and £10,000, so Wise should have intervened. Wise has said that on both occasions, Mrs O was provided with a written warning, which broadly covers scam risks, and it has produced an example of what she would have seen. Her representative has argued that a written warning wasn't enough and that it should have contacted her to ask probing questions and provide a scam warning.

I've considered the amounts involved and the fact there was no account history to compare the payments with and I'm satisfied that the written warnings were sufficient as they broadly covered scam risks. I've also considered what would have happened if Mrs O was provided a more tailored warning and I don't think it would have made a difference because she had seen positive reviews, she was convinced the investment was genuine and there was nothing obvious to indicate that she'd been scammed.

Overall, while I accept the written warnings weren't specific to the type of scam Mrs O had fallen victim to, I think Wise did enough in the circumstances and I don't think a more tailored warning would have made a difference to the outcome. So, I don't think Wise needed to do anything else and because of this I can't fairly ask it to do anything further to resolve this complaint.

Overall, I'm satisfied Wise took the correct steps prior to the funds being released – as well as the steps it took after being notified of the potential fraud. I'm sorry to hear Mrs O has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Wise is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

## **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs O to accept or reject my decision before 1 January 2024.

Carolyn Bonnell  
**Ombudsman**