

The complaint

Mr A complains that Wise Payments Limited ("Wise") won't refund over £45,000 he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here. Instead, I will provide a brief summary and focus on giving the reasons for my decision.

Mr A fell victim to scam in September 2022 after he was contacted by someone who said they could help him release the profits of a previous cryptocurrency investment he'd made, which was now sat in an account. He downloaded remote access software and allowed the scammer to open an account with Wise in his name, as he was told he had to pay various fees in order to release his profits. Mr A then made the following payments from his newly opened Wise account to purchase cryptocurrency, which was then paid on to the scammer:

Date	Payment method	Payee	Amount
19/09/2022	Transfer	F (private individual)	£7,500
19/09/2022	Transfer	F (private individual)	£2,480
20/09/2022	Transfer	F (private individual)	£9,900
21/09/2022	Transfer	F (private individual)	£10,500
22/09/2022	Card	Binance	£4,995
22/09/2022	Card	Binance	£5,000
22/09/2022	Transfer	I (private individual)	£4,995
		Total:	£45,278

Mr A realised he'd been scammed when he was asked to pay a further fee of £20,000. He reported the fraud to Wise, but it said it wouldn't refund the money he'd lost as he'd authorised the payments.

Our investigator also didn't uphold the complaint. She thought Wise ought to have provided a tailored scam warning in light of the payments Mr A was making, but she didn't think this would've ultimately prevented the scam as Mr A hadn't been honest when he was asked the reason why he was making the payment, so it wouldn't have been able to provide an impactful warning as a result. Mr A disagreed, so the matter has been escalated to me to determine.

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 and have decided not to uphold it for the following reasons:

- It isn't in dispute that Mr A authorised the disputed payments he made from his Wise account. The payments were requested using his legitimate security credentials provided by Wise, and the starting position is that firms ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed.
- However, I've considered whether Wise should have done more to prevent Mr A from falling victim to the scam, as there are some situations in which a payment service provider should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character.
- Wise doesn't consider the payment activity on Mr A's account to have been unusual enough to have warranted an intervention. However, Mr A opened his Wise account on 13 September 2022. Prior to the first scam transaction of £7,500 on 19 September, he had only made small payments to himself not exceeding £1,000. So, I think Wise ought reasonably to have seen a £7,500 payment to a new payee as higher risk given it marked a change in how the account had been used, such that, at this early stage, it should have provided Mr A with a written warning that broadly covered scam risks.
- However, I'm not persuaded that any such general warning would have likely prevented Mr A from continuing to make the payment. There's nothing to suggest he was uncertain or sceptical about what he was doing, for example, as he thought he was dealing with genuine firms such as Revolut, Wise and Binance who were asking him to pay different fees. The scam also wasn't a typical investment scam, so I don't think any general warnings about how they tend to operate would've resonated with Mr A. Indeed, I can see that he was presented with a general scam warning on 22 September 2022, but he still chose to continue with the payment.
- It's arguable that Wise should've sought to provide a more tailored written scam warning by seeking to narrow down the purpose of the transaction when he made the third and fourth payments, as payments escalating in value being made to the same payee can often be indicative of fraud. However, even if Wise had sought to narrow down the purpose of the payment to provide a more tailored scam warning, I'm not persuaded this would've ultimately prevented Mr A from falling victim to the scam either.
- I say this because Mr A said he was under the impression that he was paying fees to Revolut, Wise and Binance in order to carry out 'liquidity checks', as well as paying taxes and money laundering fees. However, when he was asked to select a reason for the payment, Mr A said he was "sending money to friends and family". I appreciate this may have been selected by the scammer who was helping Mr A to make the payments via remote access software. But it ultimately means that Wise would've been prevented from providing a tailored scam warning. It also means that any further questioning wouldn't have revealed the scam either, as the scammer would have likely been telling Mr A to continue providing misleading answers.
- Given Mr A was also paying an individual rather than a company, the reason he gave wouldn't have appeared inconsistent with the payee and would've given Wise less cause for concern that he was at risk of financial harm. I appreciate he later went on to send

money to Binance, but I don't think the value of these payments were significant enough to warrant a further intervention from Wise, as it was less than the amounts he'd already paid from the account, so it wouldn't have appeared overly unusual.

- So, in these circumstances, I don't consider it would be fair and reasonable to hold Wise liable for Mr A's loss, because it seems more likely than not that he would have always made the payment to the scammers, notwithstanding any scam warnings or intervention Wise could've given.
- I've also thought about whether Wise could've done more to recover the money Mr A lost after he reported the scam. In terms of the transfers, Wise has explained that the individuals he paid were legitimate Wise customers using its platform for peer-to-peer crypto trades. And given they had provided the crypto in exchange for the money Mr A paid, (which he then transferred on to the scammer) there wouldn't have been any fair and reasonable basis on which it could seek to recover the funds from those individual's accounts.
- Similarly, in terms of the card payments made to Binance, I can see that Wise attempted to recover the funds via a chargeback claim, which was successfully defended by the merchant. And given there would've been no reasonable prospect of the claims succeeding (seeing as Mr A received the crypto asset he paid for), I don't think Wise has acted unreasonably by failing to pursue the chargeback claims any further.

I appreciate this will likely come as a disappointment to Mr A, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded Wise can fairly or reasonably be held liable for his loss.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 12 January 2024.

Jack Ferris
Ombudsman