

The complaint

Miss M complains that Wise Payments Limited (“Wise”) won’t refund money she lost when she fell victim to an investment scam.

Miss M is being represented by a claims management company in this complaint.

What happened

The details of this complaint are well known to both parties and have also been previously set out by the investigator, including the list of the disputed transactions. So, I’ll only provide a summary and focus on giving my reasons for my decision.

Between December 2020 and January 2021, Miss M sent around €97,000 in several transactions from her Wise e-money account in connection with an investment opportunity. Having suffered a bereavement, she was looking to secure her family’s future and came across an advertisement for a firm “T” that offered to trade on her behalf and support her with learning to trade. Unfortunately, the opportunity subsequently turned out to be a scam.

Miss M reported the matter to Wise through her representative in July 2022. Wise refused to refund the transactions and said that Miss M had authorised them. The complaint was then referred to this service and our investigator ultimately concluded that Wise ought to have intervened at the time of the second transaction and questioned Miss M further. Had it done so, they felt Miss M’s losses would have been prevented from that point. The investigator also said that they didn’t think Miss M should share some of the blame for what happened.

Miss M accepted the investigator’s findings, but Wise didn’t. In summary, it acknowledges that no warnings were given to Miss M during any of the payments and that its fraud detection systems should have picked up the second transaction as unusual. But it believes the liability should be split equally between Wise and Miss M as she didn’t carry out her own due diligence before transferring the funds.

As an agreement couldn’t be reached informally, the case has been passed to me to decide.

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.

Although I’ve only summarised the background and arguments above, so not everything that happened is detailed, I’d like to reassure Miss M and Wise that I’ve read and considered everything in its entirety.

Wise has already accepted that the second payment – €10,000.35 on 4 December 2020 – should have triggered its systems. Given that it’s offered to refund 50% of the funds Miss M sent from that point on, it seems to me that it has also accepted the investigator’s conclusion that it should have questioned Miss M and provided a scam warning; and that the warning

would more likely than not have stopped her in her tracks. So, I don't necessarily need to make a finding on intervention and causation.

But for the sake of completeness, I agree with the investigator in that although the first payment wasn't *that* unusual for Miss M's account spending, Wise ought to have properly questioned Miss M about the second payment. And that it should have provided an investment scam warning. Had it done so, I've no reason to doubt that Miss M would have explained the true purpose of her payment, how she came to know about T and the 'investment opportunity', and the fact that remote access software was involved. I can't see that Miss M had been given a reason to think she had to hide this information from Wise. Neither does she appear to have been coached to tell it something different.

That means I'm not persuaded that Miss M would have simply ignored a warning from Wise and continued investing without looking into things further independently. I think she would have looked into the investment opportunity in general – including whether the firm she'd been dealing with was regulated here in the UK or abroad. She could have discovered that it wasn't. Indeed, it's likely that Miss M would have come across the various warnings about investment scams following Wise's intervention. So, I'm persuaded that a meaningful intervention from Wise at that time would likely have exposed the scam. And I think it's more likely than not that an intervention would have caused Miss M to stop from going ahead with that payment – and subsequent payments – thereby preventing further loss.

In relation to the initial payment, which I don't consider Wise should be held liable for, I have thought about its actions in relation to recovering the funds once it became aware of the scam. Given that the scam was reported nearly 18 months later, it's very unlikely recovery would have been successful at that time. So, I don't think Wise could have done anything in relation to that payment.

I've duly considered whether Miss M should bear some responsibility by way of contributory negligence. I've carefully thought about Wise's comments in relation to this. However, in this case, I don't think Miss M could have foreseen the risk that the firm she was dealing with was a scam; she simply didn't appreciate what she was doing or the consequences of her actions.

Miss M has said she looked at reviews for T which were overall positive. She questioned the one negative review and her account manager reassured her it was a disgruntled customer posting a bad review. I've carried out an online search on T, backdating it to before Miss M engaged with the firm. I haven't seen any adverse information about it, let alone any regulator warnings.

Here, Miss M wasn't promised returns which were too good to be true. Unaware of the common deceptive tactics of scammers, she unwittingly agreed to continue making deposits until such time that she realised something had gone wrong.

I've thought about this carefully, given the imbalance of knowledge between the parties. While acknowledging that Miss M could have done more research about investment scams in general – as can most customers – overall, I'm not persuaded that it would be fair to make a deduction for contributory negligence in this case.

Putting things right

To put matters right, Wise Payments Limited needs to reimburse Miss M all but the first disputed transaction, less any amount that's already been recovered. It also needs to add simple interest at 8% per year, calculated from the date of each payment to the date of settlement (less any tax properly deductible).

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Wise Payments Limited to put things right for Miss M as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 10 November 2023.

Gagandeep Singh
Ombudsman