

The complaint

Mr A complains that Wise Payments Limited didn't do enough to prevent him losing money to an alleged investment scam.

Mr A has used a representative to bring his complaint, but for ease of reading, I'll mostly just refer to and will ascribe the representative's comments to Mr A.

What happened

The background to the complaint is known to both parties and so I won't repeat it at length here.

In January 2019, Mr A transferred the sum of €3,000.20 (excluding charges) from his account held with Wise to a limited company I'll refer to as 'I' for what he believed at the time, was a legitimate Investment opportunity with 'B' – a forex, crypto asset, and commodity trading company.

In 2023 Mr A complained to Wise. In short, Mr A didn't think Wise had done enough to protect him from being a victim of fraud. He believed, but for Wise's negligence in releasing the funds his loss would've been prevented. He asked Wise to refund his loss plus interest at 8% per annum and pay an additional £1,000 in compensation for the trouble and upset caused by its actions. Wise didn't uphold Mr A's complaint; in summary it didn't think it had done anything wrong. The matter was referred to our service. Our Investigator concluded that, in his opinion, as there hadn't been a failure by Wise which had resulted in a loss to Mr A, it didn't need to do anything further to resolve his complaint.

Mr A did not accept the Investigator's assessment and asked that an Ombudsman review the case.

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 outcome as our Investigator and will not be upholding this complaint. I appreciate this will be disappointing for Mr A, but I can't fairly and reasonably ask Wise to do more to resolve this complaint. I'll explain why.

It is accepted that Mr A authorised the relevant payment. So under the Payment Services Regulations and in accordance with general account terms and conditions, an electronic money institution (EMI) – such as Wise – should execute an authorised payment instruction without undue delay. And the starting position is that liability for an authorised payment rests with the payer even where they have been tricked into making it, for example as part of an investment scam. But Wise, as a matter of good industry practice, should also be taking proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. So with that in mind, I've considered whether Wise ought to have done more before processing Mr A's payment.

In this case Mr A's Wise account was newly opened; so there was no established pattern of use. But that doesn't mean that Wise didn't need to be alert to potential fraud / scams. I've taken on board and carefully considered the points Mr A makes for why he thinks the payment ought to have concerned Wise. But overall, in this case, I don't think the payment was sufficiently suspicious that expecting Wise to have intervened, before making it is fair and reasonable. I say this because aside from the top ups to the account, which were to fund the disputed payment there was no other activity for Wise to refer to, in order to assess whether a payment of €3,000.20 was a departure from the general operation of the account. And from what I've seen, there likewise, wasn't anything about the payee/payment destination that ought to have raised concerns. It also wouldn't be particularly uncommon for users of an EMI account, like this one, to open the account and use it in this way, that being: topping up the account shortly before instructing a foreign payment on an ad hoc basis.

I've also considered Mr A's point that there were warnings on the FCA website, as early as September 2018, about B. But the payment here was made to I – not B. So without an intervention (which I don't think Wise needed to do in these circumstances) it couldn't reasonably have known through its transaction monitoring that the ultimate destination for these funds was B. So this doesn't change my mind as to whether Wise ought to have done more.

Finally, I've considered if there was anything Wise did or didn't do that impacted the possible recovery of these funds. It wasn't until 2023 that Mr A informed Wise that the payment of €3,000.20 (made in January 2019) was as a result of an alleged scam. I agree with the Investigator that I think it's unlikely, four years later, any funds would have remained available for recovery. Further, Wise have said, following receipt of notification of fraud (from Mr A) it did contact the recipient bank, but has not received a response. So I don't think there was anything Wise did or didn't do which impacted whether a successful recovery could have been made once the matter was reported to it.

I'm sorry to hear that the money lost represented a significant percentage of Mr A's savings. But for the reasons above, there isn't a fair and reasonable basis upon which I can direct Wise to do more to resolve this complaint.

My final decision

For the reasons 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 Mr A to accept or reject my decision before 30 April 2024.

Sonal Matharu
Ombudsman