

The complaint

Mrs Y complains that Wise Payments Limited hasn't refunded the losses she incurred when she was the victim of an investment scam.

What happened

In January 2021, Mrs Y set up a business account with Wise. This was denominated in US dollars. When it was opened, Mrs Y stated the purpose as being for use in trading, by a business Mrs Y runs.

Nearly six months later, Mrs Y was befriended by someone she met through an online dating app. I'll refer to that individual as T.

T claimed to be a trader using an investment platform offering cryptocurrency trading. Mrs Y says she'd had previous experience with high-risk Contracts For Difference trading (CFDs). Having that prior experience, she was interested to learn more about trading in cryptocurrencies and T offered to help.

T assisted Mrs Y with setting up accounts with various cryptocurrency exchanges. But when she attempted to transfer funds to her wallet, despite trying with four different credit cards, nothing worked.

T suggested purchasing cryptocurrency peer-to-peer and using that to then fund her account on the trading platform. In this type of transaction, payment is made to someone looking to sell cryptocurrency, and that cryptocurrency is then transferred directly to the purchaser's cryptocurrency wallet. T pointed Mrs Y to someone who could sell her cryptocurrency this way.

Mrs Y made payments to that person through her Wise business account. As expected, she successfully received the corresponding cryptocurrency into a wallet she held with one of the major exchanges.

From there she was able to send the cryptocurrency to the trading platform T suggested. With T's help she appeared to be making rapid gains. She sent further payments via her Wise business account, purchasing more cryptocurrency peer-to-peer from various sellers.

The payments she made from her Wise business account were sent to six different beneficiary accounts. These were all in the names of individuals, with the exception of the sixth account which appears to have been in the name of an LLC (Limited Liability Company). Between 14 July and 30 July, Mrs Y made twenty payments totalling \$51,580.68. The largest of these payments was for the sum of \$4,836.70.

Mrs Y was told not to put a reference on any of the payments. She explains she believed that this might be something that would allow the sellers of cryptocurrency to avoid taxes on their side. However, it is also the case that Wise's terms and conditions do not permit payments for cryptocurrency, so this had the effect of hiding the true purpose of the payments from Wise.

T also told her that if Wise was to ask about the payments, Mrs Y shouldn't give the real reason. T said she should say she was paying friends. She says that it didn't seem unusual to lie, as T had told her to do the same when she'd previously made payments from other accounts she holds, and when those banks had contacted her.

Mrs Y borrowed some of the funds she used, including money from her brother. When she did so, she said she needed it to pay taxes, not wanting to disclose the true reason.

However, after apparently making significant profits (in excess of \$100,000 dollars) Mrs Y had difficulties when she attempted to withdraw from the trading platform. After being asked to pay taxes and fees, Mrs Y found that the trading platform stopped responding.

Eventually, Mrs Y began to realise all had not been as it seemed. Having traced the cryptocurrency she'd sent, she concluded that the trading platform wasn't legitimate, and that she'd been scammed. She reported this to Wise.

Wise said it provides a money remittance service and it could not get involved in disputes between senders and recipients. Here there was nothing to suggest that the recipients hadn't provided what Mrs Y had paid for - the loss had happened later when the cryptocurrency she'd received was moved from Mrs Y's wallet held with another company. In any event, by the time Mrs Y had reported the scam, no funds remained in the accounts she'd transferred her funds to – so there was no prospect of being able to recover any of Mrs Y's money.

Wise had no reason to suspect Mrs Y's payments were for the purchase of cryptocurrency, and she'd not indicated that was what she was doing. The payment patterns had been normal for a Wise business account. Overall Wise said it had no reason not to permit the payments Mrs Y had made. It wasn't liable for the losses that later resulted.

Mrs Y didn't accept this. Our Investigator looked into the matter and thought Wise could have identified that the payments Mrs Y had made to the sixth account (the LLC account) might not have been legitimate. The Investigator noted that Wise appeared say it had concerns about that specific account at some point.

Wise didn't agree. It explained the facts weren't as the Investigator had believed. It had no active concerns about the LLC account at the point Mrs Y had made the disputed transfers. So there was no reason for Wise to suspect anything untoward in Mrs Y's payments. It had no reason to have had any concerns about the transfers Mrs Y was making to this (or to the other accounts).

In light of this disagreement, I have been asked to review everything afresh and reach a decision on the matter.

I issued my provisional findings on the merits of Mrs Y's complaint on 15 November 2023. In my provisional findings, I explained why I didn't intend to uphold Mrs Y's complaint and offered both sides the opportunity to submit further evidence or arguments in response. An extract of that decision is set out below and forms part of this final decision:

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider was good industry practice at the time.

Upon reading all the available evidence and arguments, I have reached a provisional finding that the fair and reasonable outcome, in all the circumstances, is that Wise is not

liable to refund the losses Mrs Y sustained through this scam. I will explain why.

Both sides here accept that Mrs Y was the victim of a cruel and manipulative scam. She has lost a significant sum as a result. However, my natural sympathy for the horrendous effect this scam has had on Mrs Y doesn't mean I can fairly hold Wise responsible. What I must determine here is whether Wise should reasonably be held liable for the amount that was lost to the scam.

As a starting point in law, Wise has a primary obligation to carry out correctly authorised payment instructions given to it by its customers and without delay. Mrs Y is therefore responsible for the payments she instructed Wise to make.

However, that isn't the end of the story. As a matter of good industry practice, I'd expect Wise to have been on the lookout for significantly unusual or out of character transactions that might be indicative of the risk of loss through fraud or scam.

Here Wise says the relevant transactions weren't significantly unusual. Mrs Y's was a relatively new account. It was an account set up with the specified purpose of trading by a business and denominated in a foreign currency. The size and frequency of the transactions Mrs Y made in connection with the scam simply weren't unexpected for an account of this type. Neither did they have any obvious connection to cryptocurrency investment - or to a scam or fraud. Wise therefore had no reason not to carry out its primary obligation to process the payment instructions it was given.

I've considered whether this was reasonable in the circumstances. I find it relevant that Mrs Y's account was a business account, that it was set up for the purpose of Mrs Y's business trading activity and that there was only a very brief period of prior account history against which Wise could possibly have compared the scam transactions.

None of the payments was remarkable in size for a business account, all being less than \$5,000. The total value of just over \$50,000 doesn't in isolation seem particularly remarkable for a business account either. The payments went to multiple different beneficiary accounts, so the frequency and number of payments being made to any one payee also wouldn't have stood out.

In short therefore, none of payments was sufficiently unusual that I could reasonably find Wise to have been at fault through following Mrs Y's instructions.

While our Investigator believed that Wise had concerns about beneficiary account number six, Wise has since confirmed that it did not have concerns about that account at the time Mrs Y was making her payments to it. I have found no information which would contradict what Wise says on this point. And I cannot find Wise at fault for not acting on concerns if those concerns did not exist at that point and there was no obvious cause for it to have held such concerns at the time.

All taken into consideration therefore I don't find Wise was at fault here – it followed Mrs Y's instructions in making the payments she asked it to. It was obligated to carry out these payments.

In saying the above, I am extremely sorry to hear about what has happened to Mrs Y here, and the extent of the impact that T's actions have had on her. She was the blameless victim of a sophisticated and carefully designed crime, and a scam that was designed to defraud her of her money. But despite my natural sympathy for Mrs Y and the situation she's been left in, I can't fairly find Wise at fault or otherwise liable to recompense her for the money that was stolen from her.

In my provisional decision, I asked both sides to provide any further arguments or information by 12 December 2023, after which point, I said I would issue my final decision on the matter.

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.

Mrs Y did not respond to my provisional conclusions with additional information or arguments. Neither has Wise raised any further points or information.

In light of this, I see no reason to depart from the findings and the resolution I proposed in my provisional decision as quoted above, and for the same reasons.

In short, for the reasons detailed above, it is my final decision that Wise is not liable to recompense Mrs Y for the money that she lost through this scam.

My final decision

I do not uphold this complaint about Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Y to accept or reject my decision before 11 January 2024.

Stephen Dickie
Ombudsman