

## **The complaint**

Mr C complains that Wise Payments Limited trading as Wise didn't do enough to protect him from the financial harm caused by two scams, or to help him recover the money once he'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.

Mr C enquired online about job opportunities with two companies I'll refer to as "D" and "Q". After performing some due diligence, which included reviewing the company websites and looking at reviews online, he was satisfied he was dealing with genuine companies. He completed what he considered was comprehensive onboarding and was given employment paperwork. He was also added to Telegram groups with others doing the same roles.

Mr C was told he would be required deposit funds in cryptocurrency to purchase tasks which he would complete in return for a commission after completion of each "set" of tasks. He understood the commission would vary for each task and that he would need to purchase cryptocurrency from individuals and then load it onto an online wallet. Between 29 April 2023 and 2 May 2023, he made eight transfers to six different individuals totalling £9,996 from his Wise account.

Initially, Mr C received small withdrawals from the portal, but as he moved through the levels, the deposits he was required to pay increased and he found he was unable to fund the required payments. The scammer offered a discount on the tasks and help to pay, but he realised he'd been scammed when he was told to make further payments before he could make a withdrawal.

Mr C complained to Wise but it said it had verified the recipient accounts and had no reason to believe the payments weren't legitimate. It said there was no spending history to compare the payments with as the account was opened on the same date as the first transfer. It also said it had shown scam warnings for five out of the eight transfers and Mr C had indicated he was paying friends and family. And he was paying individual's accounts, so there were no signs that he was buying cryptocurrency.

Mr C wasn't satisfied and so he complained to this service with the assistance of a representative. The representative explained Mr C hadn't previously used the account to buy cryptocurrency, he hadn't made any large purchases prior to the scam and there were large amounts of money moving into the account and then out in a very short time, so the payments were out of character. They argued the pattern of transactions was typical of a scam and the frequent payments to a new, high risk merchant should have been seen as a drastic change in account usage.

They accepted Wise had blocked the final two payments, but they argued that if it had intervened more effectively it would have realised there were red flags present including the fact Mr C had been contacted after searching for a job, he'd been required to make

payments in cryptocurrency to unlock tasks, he'd been added to a group of others doing this same job, the payments were getting larger and more frequent and he'd been encouraged to take out loans and borrow from family and friends. They argued that payments involving cryptocurrency are high risk and Wise ought to have been aware of how cryptocurrency scams operate.

Wise further argued that Mr C opened his Wise account on 29 April 2023 and gave the account purpose as 'sending money to friends and family'. He deposited money into the account and made the first transfer of £500 on the same day. It said that as there was no account history to compare the payments to, it couldn't reasonably have determined whether the spending was out of character. Additionally, Mr C was sending money to other verified Wise users and it had no interaction with him when the payments were set up, so there were no red flags regarding the payments.

It explained it showed scam warnings before payments 2, 5, 6, 7 and 8, which Mr C acknowledged before continuing to send the funds. And it didn't intervene again as the reasons given for the transfers aligned with the account purpose given when the account was created.

It said the recipients were third party cryptocurrency traders who weren't aware they were receiving fraudulent funds and as Mr C received the cryptocurrency he paid for, there were no grounds to recover the money from the recipient accounts. And by the time the scam was reported, the funds had already been removed from the recipient accounts. It also argued that Mr C's main bank had his full account history and was in a better position to determine whether the spending was out of character.

Having initially reached a different view, our investigator concluded that the complaint shouldn't be upheld. She noted the account was newly opened and the opening purpose was stated as 'sending money to friends and family'. She noted that Wise had provided warnings for five of the payments and she was satisfied those warnings were proportionate to the scam risk and as there was nothing concerning about the beneficiary accounts, the payments wouldn't have flagged as suspicious.

She felt that if Mr C had been honest when selecting the transfer purpose, he would've been presented with a warning which was specific to job scams. But he chose to bypass the warnings and continue to send the funds. And as he didn't speak to or interact with Wise when he made the payments, she didn't think it missed an opportunity to identify they were being made in relation to a scam.

Mr C has asked for the complaint to be reviewed by an Ombudsman. His representative has argued that Wise doesn't have a payment option for job scams and that he sent over £7,000 to new payees in one day and a total of £9,996 to new payees, which was a drastic change in account activity considering the account was normally used for small daily spending. They have argued that Wise should have spoken to Mr C when he made the payments and had it done so the scam would have been exposed.

They have also argued it wasn't enough to display a generic warning because Mr C didn't understand the importance of the Financial Conduct Authority ("FCA") register and the warning didn't explain the context of why the questions were being asked or how he could protect himself, so it wasn't effective. They have argued that the final payment of £3,466 brought total daily spend to £7,326 to new cryptocurrency payees having never purchased cryptocurrency before.

They have said Wise ought to have contacted Mr C and asked him about the purpose of the payments and had it done so it would have identified that there were red flags present and that Mr C was being scammed.

### **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 Mr C has been the victim of a cruel scam. I know he feels strongly about this complaint and this will come as a disappointment to him, so I'll explain why.

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

There's no dispute that this was a scam but although Mr C didn't intend his money to go to scammers, he 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*

Wise an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

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 sellers. However, Wise ought to 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 done more to warn Mr C when he 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 Mr C from financial harm due to fraud.

Mr C was presented with written scam warnings before five of the eight payments. This was a newly opened account and so there was no history to compare the payments with. And even though Mr C made multiple payments on consecutive days, it wouldn't have been obvious he was buying cryptocurrency and none of the payments were for particularly large amounts, so I think the warnings he received were proportionate and I don't think Wise needed to contact Mr C by phone or live chat to question him about the payments.

Critically, for each of the five payments, Mr C was asked to select a reason for the transfer and he selected 'sending money to friends and family'. This lead him to warnings around whether he'd met the payees and whether he'd received a message on social media. I'm satisfied that, based on the payment option he selected, the warning was relevant and that in choosing to tell Wise that he was sending money to friends and family, which aligned with the reason given for opening the account, Mr C prevented it from identifying that he was

being scammed or from giving a more tailored warning, which might have prevented the scam.

I'm satisfied that as it wasn't apparent that Mr C was buying cryptocurrency, Wise intervened appropriately by giving him an opportunity to provide information about the payments which might have enabled it to provide a more tailored warning and/or advice on additional due diligence. And because he said he was sending money to friends and family rather than paying to earn money by working online (which Wise has shown was one of the options), there was nothing else it could reasonably have done to protect him.

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 Mr C has lost money and the effect this has had on him. 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 Mr C to accept or reject my decision before 19 March 2024.

Carolyn Bonnell  
**Ombudsman**