

## **The complaint**

Ms M complains that Wise has not refunded money she lost when she fell victim to an investment scam. Ms M is represented in bringing this complaint by her son.

## **What happened**

Ms M holds a current account with Wise, which she originally opened as a means of sending money to bank accounts she holds overseas. She also holds an account with a bank (which I'll refer to as H).

This decision solely concerns Ms M's complaint about Wise. She has also brought a complaint about H, which I have considered in a separate decision and which unavoidably, mirrors much of what follows.

At the start of January 2022, Ms M received an unprompted social media message from someone I'll refer to as S. The message asked her if she was a Ms X. Ms M replied that she wasn't. S explained they'd messaged a wrong number by accident.

S then said they were an old school friend of Ms M. They began to converse, and over the following few weeks, S explained he was a financial trader. He said he could make guaranteed returns for Ms M.

Prompted by S, Ms M signed up with an online broker (which I'll refer to as E).

Ms M then began to make payments to fund her trading account with E. To do this, she needed to contact E through its website and ask for account details to use. She would then use these details to send her money from Wise. E would supposedly then have it converted into another currency and this would be used to fund her trading account held on a trading platform.

Initially, Ms M moved money from her account with H to her account with Wise. She then moved the money from Wise to accounts E instructed her to pay. Ms M made several payments over the course of around a month. Ms M's son also transferred money directly from his own bank account. A significant portion of the money Ms M transferred came from a family friend who also wanted to invest.

S prompted Ms M to make several trades, following his directions. Ms M was advised by S that she shouldn't disclose what was happening because he said the trading relied on secret pricing information, and he had obtained this from a relative who was part of a larger consortium. In particular, when she made transfers to the accounts designated by E, Ms M was told in chat messages not to indicate anywhere that the payment was for investment, or that it was connected to the trading platform.

Ms M saw huge profits from the trades she was being prompted to make by S. After four trades, her apparent profits stood at a figure in excess of \$100,000. S then asked Ms M for more money to carry out one last large trade. He said Ms M would need to increase her trading balance to \$600,000. Ms M approached friends and family to assist her in reaching

this figure. But when she spoke to her sister and discussed why she needed to borrow the funds, her sister realised this was a scam and immediately told Ms M not to send any more money.

Shortly afterwards, on 21 February, Ms M and her son reported what had happened to their various banks on 21 February 2022, and to the Police on 22 February.

Wise notified the beneficiary banks but was unable to recover any of Ms M's funds. It said it couldn't help further and wouldn't be responsible for refunding the money she'd lost to the scam.

Ms M didn't accept this outcome. She referred her complaint to this service for an impartial review.

Our Investigator looked into everything that had happened. But ultimately, she didn't think Wise could have prevented what had happened. She noted that when Ms M's bank, H, had called her in relation to attempted payments connected to the scam, Ms M and her son hadn't been prepared to share any details about the investment.

She thought it most likely that even if Wise had believed the transactions were unusual for Ms M and had interacted with her before processing them, that interaction would have had similar results to H's attempts because Ms M and her son would have refused to disclose the details of what was really happening. She didn't think Wise could have done more to recover Ms M's funds bearing in mind that the destination accounts were outside the UK.

Ms M didn't accept this outcome. Amongst other things, she said that the payments had been quite unlike her usual account history with Wise. If she'd been asked about the payment by Wise then it would have had the opportunity to uncover what was really happening or to warn her about scams and this would have stopped her. Unlike H, Wise hadn't even attempted to protect Ms M.

In light of this disagreement, I have been asked to make a final decision on her complaint about Wise.

### **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.

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 to be good industry practice at the time. Where the evidence is incomplete or missing, I am required to make my findings based on a balance of probabilities – in other words what I consider is most likely given the information available to me.

I am extremely sorry to hear about the situation that Ms M now finds herself in. She has sustained a significant financial loss.

She believed that S was helping her to achieve excellent investment returns, but this turned out to have been entirely false. A consequence of S's deception was that Ms M inadvertently drew her friends and family in, so persuaded was she by what S said. The scam has had a terrible impact on her, her family and her friends.

Of course, the blame for what happened sits with S and the other criminals involved in

deceiving Ms M. I have no power to consider the actions of those fraudsters who were ultimately responsible for what happened. The complaint I am limited to deciding is the one Ms M brings against Wise (or separately against her bank). That means I must focus on whether I consider Wise was at fault in any way - and if so, what difference I think that fault likely made.

The starting position in law is that Ms M is responsible for transactions she's carried out himself. Both sides accept Ms M gave the relevant payment instructions (albeit in the belief that she was making genuine investments).

Wise's primary obligation here was to carry out Ms M's properly authorised instructions without delay. It could have been held liable had it not done so, and for example, a loss of investment opportunity had resulted from that delay.

Nevertheless, taking into account regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I'd expect Wise to have been on the lookout for out of character or unusual transactions, as well as other indications that its customer might be at risk of financial harm from fraud or scam.

In circumstances where significant concerns arose, I'd expect Wise, as a matter of good industry practice, to have intervened - to a proportionate extent - prior to processing a payment instruction, to reassure itself the payment wasn't likely part of a scam or fraud.

Wise hasn't been able to evidence that it took such steps here. It argues that Ms M's limited transaction history on the account gave it very little to compare the disputed transactions against. And that history showed the receipt of a sum of over £1,000 which was transferred out very shortly afterwards – broadly mirroring what had happened when Ms M had made the later credits and payments from her Wise account.

However, even were I to find Wise at fault in this respect, and to find that it should have done more to intervene before processing any one of the payments she made, that does not mean I can fairly say Wise bears responsibility for the resulting loss. I need to consider causation, specifically whether I think it most likely such an interaction would have prevented the payments from being made.

In determining that point I need to consider what Wise could reasonably have established in the course of a proportionate enquiry to Ms M about her payments at the time she was making them. And I could only expect any such intervention to have been proportionate to the perceived level of risk from fraud or scam for each payment.

With all of that in mind, while I appreciate this will greatly disappoint Ms M, I can't fairly hold Wise responsible for her losses here. I'll explain why.

Here there was no direct interaction between Wise and Ms M in relation to these payments, besides her inputting the payment instructions into the mobile app. I can't know for certain what would have happened had it contacted her. In those circumstances I need to decide what I think would most likely have resulted if that had happened.

When thinking about what is most likely, I cannot overlook what happened when H spoke to Ms M (and to her son). While I understand Ms M's point that the situation there was slightly different - in that she was initially sending funds to an account in her own name - I don't think that means she or her son would likely have told Wise any more details about the investment that they were willing to share with H.

I'm simply not persuaded either Ms M or her son would have said that she was trading

market signals based on the advice of a friend. Ms M had been told she couldn't share details of what was happening, it was described as secret, and she was told the trading information was known only to a consortium, and it was being shared via a relative of S.

That background explains Ms M's interactions with H (in relation to payments she attempted from H to Wise). I don't think she'd have shared more information with Wise, particularly given that she'd rarely used Wise previously - compared for example to the extent of her banking relationship with H.

Lastly, I've considered whether Wise took the appropriate steps when the scam ultimately came to light. The evidence provided by Wise shows it attempted to recover Ms M's payments from the relevant recipient accounts. But unfortunately, recovery did not prove possible. As is common in scams of this type it seems likely to me that the money would have been moved on very shortly after Ms M had sent each payment. I don't find Wise could have realistically done more than it did at this point.

Having carefully considered everything Ms M and Wise have submitted, I don't find Wise could have reasonably prevented Ms M's losses here. Neither do I find it materially at fault otherwise. I appreciate this will not be the answer Ms M would like me to give, and I am sorry to have to disappoint her. I recognise she has lost a significant sum to a particularly cruel investment scam. But it is simply the case that I don't consider I can fairly and reasonably hold Wise liable for that 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 Ms M to accept or reject my decision before 18 April 2024.

Stephen Dickie  
**Ombudsman**