

The complaint

Mr R has complained that Wise Payments Limited, trading as (“Wise”) failed to protect him from an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr R has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr R, but I’d like to reassure Mr R and his representative that I’ve considered everything both parties have said.

Mr R explains that he found an investment opportunity when he was researching as he had recently lost his job. He arranged a call back from an investment company and during that call he was told he could start with a small investment until he understood the investing process better. He was assigned a “stock advisor” who he spoke to daily, and he was helped to open an account with a representative from the company who remotely connected to his computer. Mr R has explained that the representative was professional and attentive, using technical language which made them a plausible expert in investing in cryptocurrency.

Mr R says that after around a month, as he was seeing good performance, he was persuaded to invest more. He continued to invest before requesting to withdraw his funds from the account. He was told he’d need to pay £5,000 for the withdrawal, which he discussed with his sister and refused to pay, and subsequently realised he’d been scammed.

The payments Mr R made to the investment platform were as follows:

Date	Amount
19/05/2023	€501.01
24/05/2023	€500
31/05/2023	€8,000
16/06/2023	€7,000
17/06/2023	€10,000
Total	€26,001.01

Mr R made a complaint to Wise. He said that had Wise intervened in the payments he sent to the scammer, it would have realised that the promised investment returns were unrealistic and it would’ve been alerted to the fact this was potentially a scam. He also says that sending funds via a cryptocurrency wallet, and the fact that the company accessed his computer remotely to assist him, are typical behaviour of an investment scam of this nature.

Wise didn’t uphold Mr R’s complaint. It said that as there was very little account activity before Mr R made these payments, it had no reason to believe the payments were out of character for him. Wise also said that it showed Mr R a warning before making the fifth

payment, alerting him to the existence of scams, and that Mr R chose to proceed with the payment.

Mr R remained unhappy so he referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained that she thought the warning Wise gave Mr R was proportionate with the payment amount, and although the warning wasn't specific to the actual reason Mr R was making the payment, it's because he'd selected the incorrect reason when he was asked what the payment was for. She also that that if Wise had intervened earlier, when Mr R made the payment for €8,000, it's likely Mr R would've acted in the same way and therefore his losses wouldn't have been prevented.

As Mr R didn't accept the investigator's opinion, the case has been passed to me to make a decision.

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.

I'm sorry to disappoint Mr R but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

Mr R didn't have much of an account history with Wise when he made his first payment to the scammer. And the first payment was for a relatively low amount of just over €500, so I don't think it would've been proportionate for Wise to intervene in this payment. I also think this is the case for the second payment, which was for around the same amount as the first.

I've kept in mind that the nature of the Wise service means people are more likely to only use it when they need to, and particularly when they need to send money abroad. So I don't think it would've appeared particularly unusual to Wise that Mr R received money in his Wise account, which he then converted to Euros, and sent as international payments.

Despite my thoughts on the first two smaller payments, I think Wise should've done more to warn Mr R about the risk of fraud and scams when he sent the first, much larger payment, a week later. The payment of €8,000 was significantly larger than any payments Mr R had previously sent, and even with the limited account history, I think Wise should've realised this and given Mr R a warning.

Wise gave Mr R a warning about the potential of being scammed before it carried out his instruction to transfer €10,000, the fifth payment.

Wise says that the first page of the warning gave a general "Protect yourself from scams" warning – and asked Mr R to confirm the purpose of the payment. In response to this Mr R told Wise he was paying for goods or services, and he was then shown a second warning, specific to the purpose of the payment. I note this warning advised him to pay for the goods or services directly through the website he was buying from and urged him to read independent reviews to check on other customers' experiences before proceeding with the payment.

This warning wasn't particularly effective for the type of payment that Mr R was making, however I don't hold Wise responsible for that. Mr R had selected the incorrect purpose for the payment, and Wise responded to that by giving a corresponding warning, albeit not applicable to the actual reason the payment was being made.

Would an earlier intervention have made a difference?

Although I think Wise should've warned Mr R about the dangers of scams earlier than the fifth payment, I don't think Mr R would've acted differently had this been the case. The payments he made were not in particularly quick succession, and I haven't seen that he was pressured to make the payments urgently or told to use a cover story for their purpose. So I don't think that was the reason for Mr R giving Wise the wrong information. I think it's more likely than not that he'd also have given the incorrect reason for the payment if Wise had intervened earlier than the fifth payment, so I don't think earlier warnings would've made much of a difference and Mr R would've gone ahead with the payments anyway.

I appreciate that Mr R was in a difficult situation at the time he made these payments, and it's unfortunate that he fell victim to what seems to have been a convincing and sophisticated scam. But given what I've said, I don't think Mr R wouldn't have lost these funds, even if Wise had intervened in a different way or sooner than it did.

I'm very sorry that Mr R has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Wise responsible for that.

My final decision

I do not uphold Mr R's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 6 September 2024.

Sam Wade

Ombudsman