

The complaint

Mr P is being represented by a claims manager. He's complaining about Wise Payments Limited because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr P fell victim to a number of scams between February 2022 and May 2023. In the initial scam, he was contacted to say he'd been selected for a crypto Airdrop and needed to pay £2,150 into a cryptocurrency wallet to receive this. But when he paid the money he received nothing in return.

After this, Mr P contacted a number of companies he found online who said they could recover the money he'd lost. He made a number of payments to these companies but they also turned out to be scams.

Mr P's representative has identified the following debit card payments from his Wise account, all of which were sent to a selection of cryptocurrency providers, that it says were lost to these various scams:

Date	Amount £
3 Feb 2022	2,150
17 Feb 2022	52.51
18 Feb 2022	119.48
18 Feb 2022	78.70
19 Feb 2022	78.74
25 Feb 2022	398.85
1 Mar 2022	472.46
2 Mar 2022	545.95
9 Mar 2022	404.36
11 Mar 2022	40.95
18 Mar 2022	325.49
29 Mar 2022	275
29 Mar 2022	30
30 Mar 2022	240
30 Mar 2022	240
12 Apr 2022	65
13 Apr 2022	38.25
3 May 2022	126
6 May 2022	250
7 May 2022	30
25 May 2022	47.85
25 May 2022	47.85
26 May 2022	39.79
20 Jun 2022	130.77
17 Jan 2023	213.78
28 Apr 2023	164.44

Our investigator didn't recommend the complaint be upheld. They didn't think there was anything about the payments that Wise should have viewed as suspicious and that it was entitled to process them in line with Mr P's instructions without intervening to check whether they were associated with fraud.

Mr P didn't accept the investigator's assessment. His representative says the constant payments to cryptocurrency, along with a "*huge*" initial payment of £2,150 should have prompted Wise to call the customer to ask about the purpose of the payments he was making.

The complaint has now been referred to me for review.

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 overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr P authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr P.

The payments

One of the key features of a Wise account is that it facilitates payments that often involve large amounts and sometimes cryptocurrency. Having considered what Wise knew about the payments at the time it received the payment instructions, I'm not persuaded it ought to have been particularly concerned about them. I don't agree with Mr P's representative that the

initial amount of £2,150 was “huge”. I appreciate it may have been a lot to Mr P, but it is relatively low in comparison to many of the payments Wise deals with. And while there were a number of further payments, these were much lower in value and spaced out over a period of time.

I have to take into account that many transactions similar to those involved in this complaint will be entirely genuine. Based on the information available to Wise, I don't think there were sufficient grounds for it to think Mr P was at risk of harm from fraud when he made the above payments and I can't reasonably say it was at fault for processing them in line with the his instructions.

I want to be clear that it's not my intention to suggest Mr P is to blame for what happened in any way. He fell victim to a number of sophisticated scams that were carefully designed to deceive and manipulate their victims. I can understand why he acted in the way he did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Wise could or should have done more to try and recover Mr P's losses once it was aware that the payments were the result of fraud.

Mr P transferred funds to legitimate cryptocurrency accounts in his own name. From there, he purchased cryptocurrency and moved it onto a wallet address of his choosing (albeit on the scammers' instructions). If Wise tried to recover the funds, it could only have tried to do so from Mr P's own account and it appears all the money had already been moved on and, if not, anything that was left would still have been available to him to access.

As the payments were card payments, I've also considered whether Wise should have tried to recover the money through the chargeback scheme. This is a voluntary agreement between card providers and card issuers who set the scheme rules and is not enforced by law.

A chargeback isn't guaranteed to result in a refund, there needs to be a right to a chargeback under the scheme rules and under those rules the recipient of the payment can defend a chargeback if it doesn't agree with the request. Unfortunately, the chargeback rules don't cover scams.

We'd only expect Wise to have raised a chargeback claim if it was likely to be successful and it doesn't appear that would have been the case here. Mr P paid legitimate cryptocurrency exchanges and would have received a service that involved changing his money into cryptocurrency before sending it to the wallet address he supplied it with (albeit the wallet address was provided by the scammer). Mr P's disagreement is with the scammer, not the cryptocurrency exchanges and it wouldn't have been possible for Wise to process a chargeback claim against the scammer as he didn't pay them directly.

It's also a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery. In this case, I understand a considerable period of time had elapsed since the payments were made before the fraud was reported. Taking everything into account, I don't think anything that Wise could have done differently would likely to have led to those payments being recovered.

In conclusion

I recognise Mr P has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 19 March 2025.

James Biles
Ombudsman