

The complaint

Mr W complains Wise Payments Limited didn't do enough to protect him when he fell victim to an investment scam.

What happened

Mr W has an account with Wise which he opened in the course of the scam he says he's fallen for. He has an account elsewhere with a business who I'll refer to as "N" in the rest of this decision.

Mr W says he'd been interested in investing in cryptocurrency but was concerned about its security when he saw a well-known person talking in positive terms about cryptocurrency. He says he subsequently expressed interest in investing – calling a number that had been given – having seen this endorsement as he felt it gave cryptocurrency legitimacy. He says a third party contacted him saying he was acting on behalf of an investment company and how they could help Mr W to invest. Mr W says that a senior financial advisor was then appointed to help him invest. He says they helped him open an account with Wise – saying that Wise was the only bank they'd accept transfers from – and that on 5 September 2022 and 3 October 2022 he sent payments of £30,000 and £35,000 to two different companies whose details the senior financial advisor had given him. Mr W says he could see his investments were making a profit but that when he tried to withdraw some money he was told he couldn't do so, and that he was encouraged to invest another £35,000 to bring the total he'd invested up to £100,000. Mr W says he had some concerns at this stage but arranged to speak to N to see if he could close an ISA he had with them. Mr W says N was concerned about what he planned to do, asked questions and having done some checks came back and said that he'd been scammed. Mr W at that stage contacted Wise to say he'd been scammed and to complain that it hadn't done more to protect him.

Wise looked into Mr W's claim and said that it had been able to recover just over £20,000 from the accounts of one of the recipients – both were customers of Wise – but no other funds remained. And that it had closed both recipients' accounts but had had no reason to believe that they were being used fraudulently until Mr W had complained. Wise didn't agree that it could or should have done more and said that it wouldn't be refunding the remaining £45,000 or so that Mr W had lost. Mr W was unhappy with Wise's response and complained to our service.

One of our investigators looked into Mr W's complaint and said that they didn't think Wise had done enough and so had missed an opportunity to prevent loss to Mr W. Our investigator recommended that Wise refunded in full the losses that it hadn't been able to recover – approximately £45,000's worth – together with 8% simple interest from the date of payment to the date of settlement. Mr W accepted our investigator's recommendations. Wise did so, but only in part. Wise said that it should only be liable for 50% of Mr W's losses as he'd been dishonest when he'd replied to its warnings meaning it hadn't had an opportunity to get to the bottom of what was happening. So, Wise offered to pay 50% of Mr W's losses. Our investigator didn't agree with Wise's reasoning, so Mr W's complaint was referred to an ombudsman for a decision. His complaint has, as a result, been passed onto me.

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.

Most of the issues in this case are no longer in dispute. I say that because, for example, Wise has accepted that the two payments Mr W made were sufficiently unusual to warrant intervention and it could and should have done more. In other words, Wise has accepted that it missed an opportunity to prevent Mr W's losses. The only real issue I have to decide is whether Wise should be 100% liable or 50% liable. Here some findings will be helpful.

Having looked through the file, I'm satisfied that Mr W didn't have any concerns about the investment he was making when he sent the first and second payment he sent. Nor do I think he had any good reasons to be concerned. I'm satisfied that he only started to become concerned when he tried to make a withdrawal. That was before he made an appointment to speak to N about accessing his ISA in order to fund a third payment of £35,000 – in other words, a payment that would have brought the total amount he had invested up to £100,000. I'm also satisfied that when Mr W spoke to N about accessing his ISA that the member of staff asked him questions about the cryptocurrency investment he was making – as the member of staff had concerns that he was potentially being scammed – and that Mr W answered truthfully. Importantly, I'm also satisfied that those truthful responses to the probing questions he was asked were enough to enable N to conclude that Mr W was almost certainly been scammed. In the circumstances, I agree with our investigator that had Wise asked the types of questions we would have expected – in other words, the types that N asked – that Mr W would have answered them truthfully and that Wise would have also then have had enough to conclude that Mr W was almost certainly been scammed.

Wise has said that there's no guarantee that Mr W would have answered its questions truthfully – in the course of saying why it should only be liable for 50% of Mr W's losses – and has pointed out that Mr W said he was “paying for goods and services” rather than “making an investment” when it stopped his payments with a view to giving him an appropriate scam warning. Wise says that this is evidence that Mr W wasn't being honest. I don't agree. I say this because I don't think “paying for goods and services” was necessarily an incorrect answer – Mr W has told us that he made the payments he was asked to make to the companies in question having received two separate invoices – so I don't think it's fair to say that this is evidence that he was being untruthful. Wise has also said that by the time Mr W was speaking to N he already had concerns, so his response then doesn't help decide what his response would have been earlier on. In other words, when he had no concerns. I don't agree. If Mr W had no concerns about what he was being asked to do, I think that means he'd be more likely than less likely to tell the truth. So, I don't agree that he wouldn't have given Wise the same information that he gave N – had Wise asked probing questions – and the information he gave was, in my opinion, enough to indicate that Mr W was more likely than not being scammed. I also think Mr W would have listened to Wise if it had told him that it had concerns. And I've seen no evidence to suggest that Mr W was coached, which I can see might have strengthened Wise's argument here. In short, I don't agree that liability should be shared because of any suggestion or otherwise that Mr W wouldn't have answered truthfully or wasn't answering truthfully when he made the two payments he made.

I'd like to add two more things. Firstly, I can see that Mr W has said that he's “thoroughly disgusted and ashamed with myself at falling for this scam.” He shouldn't be. He fell for a clever scam – and a cruel one – and is the victim here. Secondly, I can see that Mr W believes Wise must have been complicit in this scam in part because the scammers had accounts with Wise too. I can see why Mr W might say that, but I don't agree. I agree that the scammers might have targeted Wise because it's more used to its customers sending large payments to new beneficiaries. But I've seen nothing to suggest it was complicit.

Putting things right

Given what I've just said, I agree with our investigator that Wise could and should have done more to prevent Mr W's losses here and that it should refund in full the losses that it hadn't been able to recover – approximately £45,000's worth – together with 8% simple interest from the date of payment to the date of settlement.

My final decision

My final decision is that I'm upholding this complaint and require Wise Payments Limited to refund both payments Mr W made – less the amount it was able to recover – together with 8% simple interest from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 11 June 2024.

Nicolas Atkinson
Ombudsman