

The complaint

Mr R complains that Wise Payments Limited won't refund the money he lost to an investment scammer.

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've noted Mr R accepted our investigator's findings but Wise did not respond.

I would like to reassure the parties that although I have only set out the key points, I have read and considered what's been provided. Having done so, I agree with the conclusions reached by the investigator for the following reasons:

- It isn't in dispute that Mr R authorised nine payments made from his Wise account. These were made to purchase cryptocurrency and were subsequently sent to the scammer as part of a job scam. The payments were requested by him using his legitimate security credentials provided by Wise, and the starting position is that banks ought to follow the instructions given by their customers in order for legitimate payments to be made as instructed. There also doesn't appear to be any dispute that Mr R fell victim to a task-based job scam.
- However, Wise is aware of our approach of expecting them to have been monitoring accounts to counter various risks, have systems in place to identify unusual transactions or other indicators that their customer is at risk of fraud; and in some situations, make additional checks before processing payments or to decline them altogether to protect customers from possible financial harm from fraud or scams. And payments going to a customer's own cryptocurrency wallet doesn't mean a customer isn't at risk of financial harm. The regulator and Action Fraud have been reporting on risks associated with cryptocurrency scams since 2018, intelligence I'd expect Wise to take account of when carrying out transactions.
- I have looked at the operation of Mr R's account over the 12 months prior to the disputed payment. And the seventh disputed transaction of \$2,300 - made on 6 December 2023 - was the fifth crypto purchase he'd made on that particular day. This was sent to a relatively new payee and Mr R's spending pattern increased as the payments went on which was sufficiently unusual for him. It was also the largest single transaction he'd made in the 12-month period leading up to the disputed transactions. I'm satisfied there were enough 'triggers' here to have alerted a responsible regulated firm such as Wise that Mr R's account was being subjected to unusual and uncharacteristic activity. I don't think the earlier payments were sufficiently unusual to have stood out to Wise.
- If Wise had made contact with Mr R and asked him further questions and for more of the basic surrounding context, I have no reason to doubt he would have explained what he was doing. The FCA's Consumer Duty came into force on 31 July 2023 and it puts an obligation on firms to avoid foreseeable harm to customers. The Consumer

Duty Finalised Guidance FG22/5 (Paragraph 5.23) gives an example of foreseeable harm: *“consumers becoming victims to scams relating to their financial products for example, due to a firm’s inadequate systems to detect/prevent scams or inadequate processes to design, test, tailor and monitor the effectiveness of scam warning messages presented to customers”*.

- I think Wise could have reasonably narrowed down the potential risk associated with Mr R’s seventh payment and I think it would have reasonably identified that he had fallen victim to a ‘job scam’. Once Wise had established the risk posed to Mr R, it should reasonably have provided a tailored warning associated with that risk. I’d have expected that warning to cover off key features of such a scam, such as making payments to gain employment, being paid for ‘clicks’, ‘likes’ or promoting products and not being able to withdraw funds. I’m satisfied a warning would have made a difference to Mr R as I’ve not seen anything to suggest that he was coached by the scammer, nor do I think he wouldn’t have been honest in his answers. I’m therefore satisfied that a tailored and meaningful warning from Wise would have likely exposed the scam and prevented further loss to Mr R.
- I’ve also thought about whether Mr R should be held partly responsible for his loss, but I don’t consider he should. This was a sophisticated scam and I can see that Mr R proceeded cautiously. When he had any questions, the scammer provided him with reasonable answers and once Mr R realised he’d been scammed, he stopped in his tracks and didn’t send any further payments. I don’t think he could have foreseen that he was falling victim to a scam – unless for example he was given a warning explaining the nature of this job scam.
- Mr R borrowed £3,400 to facilitate the payments to the scammer. I’m satisfied from the evidence provided that he returned £840 of these funds immediately but I’m not satisfied that the remaining money was returned in the way he describes. Mr R has not produced any additional persuasive evidence that the remaining funds were indeed repaid and because of this, I don’t find that Wise is obliged to pay interest on the remaining borrowed funds of £2,540.

My final decision

My final decision is, I uphold this complaint in part and Wise Payments Limited should:

- Refund payments \$2,300, \$30 and \$3,600 made on 6 December 2023. This totals \$5,930. Should Wise need to convert this to GBP in order to process the refund, it should use the conversion rate applicable from the date of loss.
- Pay 8% simple interest, per year, on the above transactions (less £2,540 which were borrowed funds) from 6 December 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr R to accept or reject my decision before 19 July 2024.

Dolores Njemanze
Ombudsman