

The complaint

Mr A complains that Wise Payments Limited (Wise) is refusing to refund him the amount he lost as the result of a scam.

Mr A is being represented by a third party. To keep things simple, I will refer to Mr A throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr A's wife initially received a call from an investment company I will call X and Mr A took over the call himself. X sold Mr A bonds, X built trust with Mr A before he was passed to another of X's representatives.

Mr A tells us that X then persuaded him to make a further investment with a company I will call Y. Mr A initially only invested around half of his available funds but was convinced by X to make a further large investment.

At first Mr A received the returns he was expecting and although some of the payments were made to him late, he had little concern. But the payments Mr A was expecting soon stopped.

Mr A attempted to recover his funds via his IFA but Y soon appeared to go into liquidation and Mr A appeared to have lost his funds.

Mr A was then contacted by the police who confirmed Mr A had fallen victim to a complicated scam.

Mr A tells us that he carried out due diligence before making the investments. He checked the companies' websites that looked legitimate and asked both his IFA and accountant for their opinion, but neither of them gave any indication the investment might be a scam.

Mr A made the following payments in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	27 December 2019	Leonreed Limited	Transfer	£110,000
2	24 February 2020	Leonreed Limited	Transfer	£115,000

Our Investigator considered Mr A's complaint and didn't think it should be upheld. Mr A disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr A has fallen victim to a cruel scam. The evidence provided by both Mr A and Wise sets out what happened. What is in dispute is whether Wise should refund the money Mr A lost due to the scam.

Recovering the payments Mr A made

Mr A made the disputed payments via the method of transfer. When payments are made via this method there are limited options available for Wise to seek recovery. Wise could have contacted the operator of the receiving account to request a refund of any remaining funds. But Mr A made his complaint sometime after he made the payments so it's very unlikely any funds would remain to be recovered, and I don't think it's unreasonable this wasn't attempted.

With the above in mind, I don't think Wise had any reasonable options available to it to recover the payments Mr A made.

I understand that Mr A feels the payments he made in relation to the scam should be refunded in accordance with the CRM Code. But the CRM code is voluntary, it therefore only applies to businesses that are signed up or have publicly committed to acting within the spirit of the CRM Code. Which Wise hasn't.

Should Wise have reasonably prevented the payments Mr A made?

It has been accepted that Mr A authorised the payments that were made from his account with Wise, albeit on the scammer's instruction. So, the starting point here is that Mr A is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Wise should have intervened when Mr A made the payments. And if it had intervened, would it have been able to prevent the scam taking place.

The payments Mr A made in relation to the scam were substantive so I would have expected Wise to have had concerns given their value, and to have intervened. However, if it had intervened, I don't think it would have made a difference. I will explain why.

The scam itself didn't have any common elements I would have expected Wise to have had concerns about. So had Wise intervened and questioned Mr A about the payments he has disputed it would have found that Mr A was making payments in relation to investments that he had previously researched and run past his IFA and his accountant.

Once Wise had gathered this information, I think it's most likely it would have released the payments knowing Mr A had carried out appropriate due diligence before deciding to make them, and I don't think this would have been unreasonable.

So, as I've said above, I don't think Wise would have had reason to have any concerns about the payments Mr A was making had it intervened, and the scam would not have been prevented. As I don't think Wise missed an opportunity to prevent the scam it is not responsible for Mr A's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 4 April 2025.

Terry Woodham
Ombudsman