

## The complaint

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

Mr L is being represented by a third party. To keep things simple, I will refer to Mr L 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 L had been thinking about cryptocurrency investment for a while when he came across an advertisement on social media that included a known celebrity for a company I will call X, which specialised in cryptocurrency investment.

The advertisement showed people could invest with an initial small payment and Mr L decided he would give it a try.

Mr L had an initial call with X having made a relatively small payment and was promised a call back from another X representative. The call back didn't happen within the timeframe Mr L was expecting so he complained.

Mr L was contacted by X again. X explained the investment process and asked Mr L to download screensharing software to his device from which X was able to show Mr L a professional looking trading website and how it would work.

Convinced by X that it was a genuine business Mr L continued to invest making multiple payments.

It wasn't until X sent Mr L a document with a different name on it, and Mr L researched that company, that he realised he had fallen victim to a scam.

Having made multiple payments from an account he held with another provider; Mr L made the following payments from his Wise account in relation to the scam:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	12 October 2023	P2P Payee 1	Transfer	£5,810
2	12 October 2023	P2P Payee 2	Transfer	£3,157
3	24 October 2023	P2P Payee 3	Transfer	£7,000
4	24 October 2023	P2P Payee 3	Transfer	£5,530

Our Investigator considered Mr L's complaint and didn't think it should be upheld. Mr L 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 L has fallen victim to a cruel scam. The evidence provided by both Mr L and Wise sets out what happened. What is in dispute is whether Wise should refund the money Mr L lost due to the scam.

### *Recovering the payments Mr L made*

Mr L made the disputed payments via transfer. When payments are made via the method of transfer Wise has limited options available to it to seek recovery.

Wise could ask the operator of the recipient account to refund any funds that remain in the accounts the payments were made to. But Mr L has already told us that the transfers he has disputed were peer-to-peer payments in exchange for cryptocurrency that was then forwarded as part of the scam. So, there would be no funds to recover.

Wise has also confirmed that it checked the recipients accounts and no funds remained.

With the above in mind Wise didn't have any reasonable options available to it to recover the payments Mr L made in relation to the scam.

### *Should Wise have reasonably prevented the payments Mr L made?*

It has been accepted that Mr L authorised the payments that were made from his account with Wise, albeit on X's instruction. So, the starting point here is that Mr L 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 been aware of the scam and intervened when the payments were being made. And if it had intervened, would it have been able to prevent the scam taking place.

When Mr L made the disputed payments, he selected the payment reasons as either 'goods and services' or 'friends and family' and Wise has confirmed that Mr L then received warnings based on the payment reasons he had selected. Given the payments Mr L made were going to individuals and not identifiably going to crypto I don't think it was unreasonable that Wise displayed warnings based on the information Mr L provided.

Had Mr L been honest about the reason for his payments he would have been provided with a warning tailored to investment scams.

Mr L has told us that he chose incorrect reasons for the payments as X had told him what to select and didn't think anything was wrong with selecting 'goods and services' as he was making peer to peer payments. I appreciate what Mr L has told us, but a more accurate selection of 'investment' was available, and Mr L was clearly not paying 'friends and family' for the other payments he made.

Prior to making the payments in relation to the scam via the Wise account Mr L made several payments via another account he held elsewhere. When Mr L attempted one of these payments the other account provider did intervene.

During this intervention Mr L was asked multiple questions and he confirmed:

- He was making the payment in relation to an investment earning interest on a savings account.
- He was not asked to install any software.
- He had not found the investment via social media or celebrity endorsement.
- He had checked the FCA website.

It's clear that Mr L did not answer honestly to the questions posed by his other account provider, he had found the investment company via a social media advertisement that included a celebrity, and he had been asked to download the specific software he had been warned against. In addition to this he was not investing in a savings account and had he checked the FCA website he would have found that X was a clone of another company, and it was not authorised.

So even if I was to say Wise should have done more (Which I don't think it needed to) I think it's unlikely Mr L would have been any more honest answering Wise's questions about the payments than he had been when making previous payments via both of his accounts.

Answering Wise's questions incorrectly would have made it extremely difficult for it to uncover a scam was taking place, so I don't think Wise missed an opportunity to prevent the scam and it is therefore not responsible for Mr L'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 L to accept or reject my decision before 11 April 2025.

Terry Woodham  
**Ombudsman**