

The complaint

Ms M complains that Wise Payments Limited won't refund the money she lost after falling victim to a scam.

What happened

Ms M is represented in this complaint by a claims management company, for simplicity I will refer to Ms M throughout this decision, even when referencing what her representatives have said on her behalf.

Ms M had previously been the victim of a cryptocurrency investment scam, and in June 2023 she was looking for a way to recover her losses. She came across information online about a law firm that said it could help, and as she could see that the head lawyer of this firm was a real person who was qualified to practice law, she was reassured this was a legitimate law firm and so engaged their services. Ms M was told she'd need to pay a 50% deposit in order to facilitate the transfer of her recovered funds. Ms M opened an account with Wise, and transferred funds totalling over £21,000 from this account, via a cryptocurrency account in her name. Unfortunately, and unknown to Ms M, the law firm was not legitimate, she had actually transferred her money to a scammer.

The scammer told Ms M that they'd been able to recover a significant sum, but that she'd need to make further payments to release this money. At this stage Ms M became suspicious and asked to cancel the agreement and for the return of her deposit. When this was not forthcoming, she contacted the person she believed was the head lawyer for the law firm directly, and when he explained that he was not involved with the law firm she thought she was dealing with, Ms M realised that she had been scammed.

Ms M contacted Wise about the scam payments and it looked into what had happened, but it did not agree to refund any of her loss. It said it had carried out the payments as instructed and did not accept it had any liability for her loss.

Ms M wasn't happy with Wise's response, so she brought a complaint to our service. An investigator looked into Ms M's complaint, they concluded that any reasonable intervention from Wise would have been unlikely to stop Ms M from making the payments, so they did not recommend that the complaint be upheld.

Ms M disagreed with the investigator's opinion, saying that a good quality intervention from Wise would have brought the scam to light and prevented her from incurring the loss.

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 outcome as the investigator, I'll explain why.

I'm satisfied that Ms M authorised the payments that are the subject of this complaint. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Ms M is responsible for them. That remains the case even though Ms M was the unfortunate victim of a scam.

Because of this, Ms M is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Wise acted fairly and reasonably in its dealings with Ms M, or whether it should have done more than it did.

I appreciate that Wise, as a money remittance service, sees more payments of the type that Ms M made – large payments to cryptocurrency – and so would see those as less unusual. However, given the value being sent in a relatively short period of time, and that they were preceded by several failed payments to another cryptocurrency provider, I think there is a point at which Wise should have become concerned and taken some action to intervene. However, I think an appropriate intervention here would have been for Wise to perhaps ask some automated questions to determine what Ms M was making the payments for, and to provide her with a warning based on those answers.

And, with all I've seen about the interactions Ms M had with both the bank she funded her Wise account from and the cryptocurrency platform she had initially attempted to pay, I'm satisfied that any such intervention from Wise would not have stopped Ms M from proceeding with the payments. I say this because it is clear that Ms M was willing to mislead the various financial institutions involved about what the payment was for. Specifically, Ms M asked the scammer what she should say about the payments, and was told to say they were for sending money to her son overseas. And Ms M did relay this story to one of the cryptocurrency providers she attempted payments to, she also told her main bank account provider that she was moving funds for a holiday. So, it's likely that any warnings she received would not have been relevant to the specific situation she found herself in, given that she is unlikely to have been honest about why she was making these payments.

Ms M says that any such story would have quickly fallen apart if she had spoken to Wise. But, although I don't necessarily think that such direct intervention would have been reasonable in the circumstances, in any case I can't agree that the evidence I've seen suggests it's likely Ms M would have ultimately been open about what the payments were for. We can't know exactly what she would have said, but it's clear that Ms M seems to have been willing to mislead the various financial institutions involved in order to make payments that she believed would help her recover some lost funds, and I think it is more likely than not that she would have done the same had Wise made contact with her. Ms M has said that her interaction with her main bank account provider demonstrated that she was being coached, and so any good quality interaction with Wise would have indicated the same and led to the scam coming to light. But I don't agree, I don't think there was any indication in that call that someone else was telling Ms M what to say and do, so I don't think I can reasonably say that would have been clear in any hypothetical interaction with Wise either. I therefore don't consider that Wise missed an opportunity to protect Ms M from this scam or to prevent her loss.

I've also thought about whether Wise did all it could to try to recover Ms M's funds when she told it of the scam. But given that the payments Ms M made were to purchase

cryptocurrency I don't consider there is anything Wise could have done to recover those funds.

I'm sorry to disappoint Ms M as I know that she has lost a significant amount of money. But, overall, I'm satisfied that any reasonable, proportionate intervention from Wise would not have prevented Ms M from making further payments to the scam. It follows that I don't think Wise is liable for her loss and won't be asking it to refund any of her losses.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 31 December 2024.

Sophie Mitchell
Ombudsman