

The complaint

Mrs S complains that Wise Payments Limited trading as Wise (Wise) is refusing to refund her the amount she lost as the result of a scam.

Mrs S is being represented by a third party. To keep things simple, I will refer to Mrs S 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, Mrs S was part of a group chat on a messaging platform when she was contacted by an individual, I will call X. X persuaded Mrs S to make an investment in cryptocurrency talking to her at length over the phone. Before starting the investment process Mrs S tells us she visited the website provided by X that appeared genuine.

Mrs S was required to buy cryptocurrency legitimately that she then sent to the scammer via a legitimate looking website X had given her access to.

After making the first significant payment of £10,000 X explained that Mrs S's funds had been frozen, and she would have to make further payments to release them. Mrs S tells us she shared her screen with X via the messaging service and was guided through making the payments.

Mrs S says she did have concerns about the payments but was pressured and convinced by X to make them.

Mrs S made the following payments in relation to the scam from her account with Wise:

<u>Payment</u>	<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
1	28 September 2023	Individual 1	Transfer	£100
2	28 September 2023	Individual 2	Transfer	£10,000
3	28 September 2023	Individual 3	Transfer	£6,025
4	28 September 2023	Individual 4	Transfer	£5,000
5	29 September 2023	Individual 5	Transfer	£5,000
6	29 September 2023	Individual 6	Transfer	£3,000
7	29 September 2023	Individual 7	Transfer	£2,550
8	29 September 2023	Individual 8	Transfer	£100

Our Investigator considered Mrs S's complaint and thought it should be upheld in part. Wise 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 Mrs S has fallen victim to a cruel scam. The evidence provided by both Mrs S and Wise sets out what happened. What is in dispute is whether Wise should refund the money Mrs S lost due to the scam.

Recovering the payments Mrs S made

Mrs S made payments in relation to the scam via transfer, but she didn't make the payments to the scam directly instead the payments she made were to legitimately purchase cryptocurrency that was then forwarded to the scammer.

As the payments Mrs S made were legitimate and she did receive the cryptocurrency she purchased in exchange for the payments she made, Wise would have no reasonable options available to it to seek recovery.

Should Wise have reasonably prevented the payments Mrs S made?

It has been accepted that Mrs S authorised the payments that were made from her account with Wise, albeit on X's instruction. So, the starting point here is that Mrs S 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.

I think Wise should have had concerns when Mrs S made payment 2. The value of the payment was significant, it was made to a new payee, and I think it was out of keeping with how Mrs S usually operated her account.

Considering the value of the payment and the associated risk I think Wise should have provided a human intervention to find the purpose of the payment and the surrounding circumstances.

While Mrs S has told us that she was guided by X with what options to select when making the payments and selected paying "family and friends", she has also said she had doubts about the payments and I think that had a detailed intervention been provided by Wise, as I think it should have been, it's likely more probing questions would have raised red flags with Mrs S and the scam would have been uncovered and further losses prevented.

Wise is therefore responsible for Mrs S's loss from payment 2 onwards.

Did Mrs S contribute to her loss?

Despite regulatory safeguards, there is a general principle that consumers must still take responsibility for their decisions (see s.1C(d) of our enabling statute, the Financial Services and Markets Act 2000).

In the circumstances, I do think it would be fair to reduce compensation by 50% on the basis that Mrs S should share blame for what happened.

Mrs S did take X's guidance when it told her to give a different reason for the payments from a drop-down menu, had Mrs S selected the correct option she would have received a warning that may have prevented the scam.

Mrs S was also being asked by X to make payments late in the evening and was pressured to complete the payments quickly. I think this should have caused Mrs S concerns as this is not typical behaviour of a legitimate business, and she should have taken more care.

Had Mrs S taken more care and sought guidance elsewhere before continuing with the payments she could also have prevented her loss.

Putting things right

To put things right Wise Payments Limited trading as Wise should:

- Refund the payments Mrs S made in relation to the scam from payment 2 onwards less 50% for contributory negligence
- Pay 8% simple interest per year to the amount it pays Mrs S (less any lawfully deductible tax)

My final decision

I uphold this complaint and require Wise Payments Limited trading as Wise should to put things right by doing what I've outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 17 January 2025.

Terry Woodham
Ombudsman