

The complaint

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

Mr O is being represented by a third party. To keep things simple, I will refer to Mr O 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 O says he found an advertisement on social media that appeared to be endorsed by a well-known celebrity for an investment company I will call X. Interested in the potential opportunity Mr O clicked on the link and left his contact information.

Mr O then received a call from X who explained the opportunity in group cryptocurrency investment. Mr O decided to invest a small amount and was required to provide identification documents so an account with X could be opened.

Mr O was advised to download X's app where he was able to login to his own account and see his investment which appeared to be doing well.

Mr O was then advised to use Wise to make transfers into the investment as it offered an easier way to make payments.

Mr O made a payment of £1,000 followed by a further, more substantial payment of £10,000, guided by X that he would make a substantial profit.

Mr O attempted to make a withdraw from his account with X that at the time appeared to have a balance of almost £80,000 but received communication that appeared to come from a legitimate company telling him he would have to make further payments first. Mr O had reservations about the request and contacted the third party directly where it was uncovered that Mr O had fallen victim to a scam.

Mr O made the following payments in relation to the scam from his Wise account:

Payment	Date	Payee	Payment Method	Amount
1	25 October 2023	Mr O	Transfer	£1,000.00
2	27 October 2023	Mr O	Transfer	£10,000.00

Mr O says he thought the payments that were made from his Wise account were going directly to X for the purpose of the investment, but it now appears that X setup an account in his name and the payments were made to that account instead.

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

Recovering the payments Mr O made

Mr O made payments into the scam from his Wise account via transfer. When payments are made by transfer Wise has limited options available to it to seek recovery. As Mr O didn't raise his dispute with Wise for several months after the payments were made, I think it's most likely the scammers would have moved the funds on, and I don't think Wise had any reasonable options available to it to recover the payments Mr O is disputing.

Should Wise have reasonably prevented the payments Mr O made?

I think it's reasonable to say that Mr O authorised the payments that were made from his account with Wise, albeit on X's instruction. So, the starting point here is that Mr O 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 made. And if it had intervened, would it have been able to prevent the scam taking place.

When Mr O attempted the payments from his Wise account he was asked for the payment purpose. There were options of "Investment" and "sending money to yourself". Considering Mr O has told us that he wasn't aware he was sending funds to another account in his name I think the most accurate option Mr O could have selected would have been "Investment".

However, Mr O selected the option of "sending money to yourself". Unsurprisingly Mr O was then provided with warnings related to the payment option he had selected, that did not cover the potential risks of sending payments in relation to investment.

Given the value of payment 2 though, I think it could be argued that Wise should have intervened further when the payment was attempted. But I don't think this would have made a difference. I will explain why.

Before the payments listed above were made Mr O credited his Wise account from another account he held elsewhere. When he did this X told him, via a message service not to be honest with his other bank. It said:

"If you tell them that you are doing investments they will block your account because of your credit score."

"The best way to get it quickly done to tell them that you moving the money to wise because you are planning to travel. Otherwise they will make it difficult and wasting your time and at the end wont allow using the funds."

After Mr O was told to lie to his other bank he continued with the payments.

Mr O's other bank has confirmed that when Mr O made the payments from his account held with it an intervention took place and Mr O confirmed the payment purpose as advised by X above.

Overall, I think it's most likely that had Wise intervened further than it did, that Mr O would at most referred to X and answered Wise's questions guided by it. I don't have enough to say that Mr O would have been any more honest with Wise than he was with his other bank.

As I don't think a further intervention from Wise would have made a difference, I don't think Wise missed an opportunity to uncover the scam and it is not responsible for Mr O'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 O to accept or reject my decision before 28 February 2025.

Terry Woodham
Ombudsman