

## **The complaint**

Mr F complains that Wise Payments Limited (“Wise”) won’t refund the money he lost after he fell victim to an Authorised Push Payment (“APP”) scam.

## **What happened**

The background to this complaint is well-known to both parties, so I won’t repeat it in detail here. But in summary, I understand it to be as follows.

In or around September 2023, Mr F received a message from an unknown contact. Mr F responded to the message and established that it appeared to have been sent to him in error. But Mr F has said, to his surprise, the conversation continued, and he began exchanging messages with who he believed to be a senior cryptocurrency trader. But unknown to him at the time Mr F was dealing with fraudsters.

The fraudsters tricked Mr F into making a number of payments, from an account he held with another banking provider, for what he believed to be the purchase of cryptocurrency. During the scam, the fraudsters also instructed Mr F to open an account with Wise and persuaded him to send further money from this account. But unfortunately, the funds ultimately ended up going to accounts that the fraudsters controlled.

Mr F made the following payments from his Wise account, to three different payees;

23 October 2023	£3,330
26 October 2023	£4,100
26 October 2023	£840

Mr F realised he’d been scammed when he was unable to make withdrawals and the fraudsters continued to demand money. Mr F raised the matter with Wise, but it didn’t agree to uphold his complaint.

Unhappy with Wise’s response, Mr F brought his complaint to this service. One of our Investigator’s looked into things, but didn’t think the complaint should be upheld. In summary, our Investigator didn’t think the payments Mr F made would have looked unusual in appearance to Wise, so there was no reason for it to have been concerned. Our Investigator added that Mr F had entered the payment purpose as “sending money to yourself”, rather than the option of “making an investment”, which may have resulted in more relevant warnings.

Through his representatives, Mr F disagreed with our Investigator’s view. In summary, Mr F thought that Wise ought to have had concerns when Mr F was paying multiple payees.

As agreement couldn’t be reached, the complaint has been passed to me for a final decision.

## **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.

I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focused on what I think is the heart of the matter. If there's something I've not mentioned, it isn't because I've ignored it; I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

Having done so, I agree with the conclusions reached by our Investigator for the following reasons.

- It isn't in dispute that Mr F authorised the transactions in question. He is therefore presumed liable for the loss in the first instance. However, Wise is aware, taking longstanding regulatory expectations and requirements into account, and what I consider to be good industry practice at the time, that it should have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.
- I've considered whether Wise should have done more to prevent Mr F from falling victim to the scam. I appreciate that overall, Mr F has lost over £8,000 (from his Wise account) which is a significant amount of money. But this amount wasn't paid in one large or 'out of character' transaction. It was spread over three separate smaller increments which, in my judgment, would not have appeared particularly unusual, such that they ought to have been regarded as suspicious or indicating that he might have been at risk of financial harm.
- The account had also been newly opened, so there wasn't any previous transaction data for Wise to compare the disputed payments against to determine if they were out of character.
- Wise has said that it asked Mr F for the purpose of the payment and he selected "Sending money to yourself". Mr F has said he was told to pick this option by the fraudsters.
- Wise provided Mr F with an on-screen warning relevant to the payment purpose he had selected. I'm persuaded Wise' warnings here were proportionate. From the evidence Wise has sent, one of the options Mr F could have selected from the list of payment purposes was "Making an Investment". I consider that more closely matched the real purpose for which Mr F was making the payments. If Mr F had selected that payment purpose, I consider it likely this would have prompted different questions and warnings which might have prevented the scam. But I don't consider it would be reasonable to hold Wise responsible where Mr F provided inaccurate information about the real payment purpose and which meant Wise provided less relevant warnings as a result.
- I'm mindful that the details of the payments (the beneficiaries) didn't exactly align with the payment purpose, and given this, if the payments were for even larger amounts here, or they had been more frequent, or if they were identifiably being made for the purchase of cryptocurrency I might have found Wise reasonably ought to have gone further than it did here. But I have to be fair. Since 31 July 2023, under the FCA's Consumer Duty, regulated firms like Wise must act to deliver good outcomes for customers and must avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so. But Wise's ability to effectively warn Mr F did depend here, not unreasonably, on him giving an accurate answer to its questioning about the purpose of his payments. And there are many payments made by customers each day and there's a balance to be struck between appropriately intervening in payments before following the customer's

instructions to make them, and minimising disruption to legitimate payments (allowing customers ready access to their funds). Wise gave warnings based on how Mr F interacted with it. I think, in the circumstances, this was a reasonable thing for Wise to do.

- I'm not persuaded there were any prospects of Wise successfully recovering the funds Mr F sadly lost, given the money was ultimately used to purchase cryptocurrency from legitimate providers.

I don't doubt Mr F has been the victim of a scam here. He has my sympathy. Ultimately, however, Mr F has suffered his loss because of fraudsters, and this doesn't automatically entitle him to a refund from Wise. It would only be fair for me to tell Wise to reimburse Mr F his loss (or part of it) if I thought Wise reasonably ought to have prevented the payments in the first place, or Wise unreasonably hindered recovery of the funds after the payments were made. But for the reasons explained above, I'm not persuaded it reasonably ought to have prevented the payments being made or to have recovered them.

### **My final decision**

For the reasons given above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 18 March 2025.

Stephen Wise  
**Ombudsman**