

The complaint

Miss M complains Wise Payments Limited didn't do enough when she fell victim to an investment scam.

What happened

Miss M has an account with Wise which she opened in the course of the scam. She has accounts with businesses elsewhere too who I'll refer to as "L" and "H" throughout the rest of this decision.

Miss M says a friend of hers on social media mentioned an investment opportunity which she asked about as she was looking to invest. Miss M says her contact details were passed on and she subsequently spoke to someone who explained the investment opportunity in question – which involved diamonds. Miss M says she agreed to buy several demands during 2019 and 2020 – having been told she could double her money – and despite receiving some returns the person she was speaking to kept on promising she'd get her investment back but this never happened. Miss M says she continued trying to get her investment back for more than 18 months.

In 2023 Miss M contacted Wise to say that she'd been scammed and it hadn't done enough to protect her. She contacted L and H too.

Wise said that it had followed Miss M's instructions and had fulfilled its contractual obligations so it couldn't refund her money. In addition, Wise said that it couldn't have known that the payments were out of character as there was no activity on the account before the payments in question. Nor would it be able to recover her money now given the delay in reporting the scam. Miss M was unhappy with Wise's response, so her representative complained to us.

One of our investigators looked into Miss M's complaint and said that they couldn't fairly say there had been a scam here. They did, however, say that Wise should have intervened when Miss M started making the payments she did as the payments were unusual. But they didn't think the scam would have been uncovered even if Wise had intervened. So, they didn't recommend that the complaint be upheld.

Miss M's representatives were unhappy with our investigator's recommendations, saying that the evidence pointed to a scam and that Miss M had been allowed to send very large payments over a short period of time that should have triggered an intervention. Miss M's representatives said that the scam would have been uncovered had an intervention occurred as Wise would have spotted all the hallmarks of a typical scam. So, they asked for Miss M's complaint to be referred to an ombudsman for a decision. Her complaint was, as a result, passed on to me.

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 can see that the day Miss M opened her Wise account she said she wanted to transfer £95,000. Based on the evidence that I've seen, I'm satisfied that Miss M looked into the best way to make large international transfers and decided to open her Wise account as a result of the research she'd done. The £95,000 transfer was declined. Miss M then went on to send £25,000 every day for a period of three days in July 2019 from her account with Wise to the company she was dealing with. I agree with our investigator that Wise should have intervened as these payments were unusual – the fact that Miss M had only just opened the account and so Wise had no history to go on doesn't, in this case, help Wise. More importantly, however, I agree that the evidence suggests that this was an investment that went wrong rather than a scam. Because of that, it wouldn't be fair to hold Wise liable for not intervening when it should have done. That's because we wouldn't expect a business to refund losses made as a result of a failed investment – rather than a scam.

Our investigator went on to consider what a fair outcome would be even if they were wrong about this being a case of an investment that went wrong rather than a scam. They said that even if Wise had intervened, they didn't think Wise could have done anything to stop Miss M from going ahead as the evidence suggests Miss M would have still believed she was sending money to a genuine investment. I agree with our investigator on this point having taken into account how Miss M came to find out about the investment, the research she'd done and all the documentation she'd received, amongst other things. Because of that, and because Miss M didn't report the scam until several years later meaning recovery was no longer a realistic option, I agree that it wouldn't be fair to say Wise needs to refund any of Miss M's money. I appreciate that she has lost a lot of money.

My final decision

My final decision is that I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 19 July 2024.

Nicolas Atkinson
Ombudsman