

Complaint

Miss A is unhappy that Wise Payments Limited didn't refund her losses after she told it she'd fallen victim to a scam.

Background

In 2022, Miss A made contact with an individual involved in a trading group on a social messaging platform. He claimed to provide coach individuals in investment and share trading strategies.

Following his advice, Miss A opened an account with a third-party online broker which I'll refer to as T. As I understand it, T is a legitimate platform. Under the guidance of this individual, she transferred funds to her account at T and then used those funds to purchase shares in a company listed on the Hong Kong Stock Exchange.

She used her Wise account to make the following payments to her account at T:

1	3 August 2022	£20
2	3 August 2022	£10,000
3	11 August 2022	£10,000
4	28 August 2022	£10,000
5	28 August 2022	£10,000
6	28 August 2022	£10,000
7	30 August 2022	£7,000
8	1 September 2022	£3,000

Miss A bought over 100,000 shares in the company. Due to the way T's platform operates, she became the legitimate owner of the shares. However, the share price dropped significantly shortly thereafter—from 4.08 HKD per share on September 2, 2022, to 0.5 HKD by the following Tuesday. Faced with this sharp decline, Miss A sold her shares at a considerable loss, wiping out almost all of the funds she had deposited with T.

Miss A later alleged that the individual who advised her did so to prepare her for a subsequent scam involving an Initial Coin Offering (ICO). She claims that the ICO was fraudulent and that she suffered further losses as a result. However, from the evidence I've seen, none of the payments in the above table related to her participation in the ICO.

She later complained to Wise, asserting that she had fallen victim to a scam. Wise didn't agree to refund her. It said that it had processed the payments in line with her request. It didn't consider that the payments were unusual or out of character and anything that happened to funds after they left her account was outside of its control.

Miss A was unhappy with that response and so she referred her complaint to this service. It was looked at by an Investigator who didn't uphold it. Miss A disagreed with the Investigator's opinion, and so the complaint was passed to me. I emailed Miss A's representatives to explain that I wasn't minded to uphold the complaint. I said I wasn't persuaded there was sufficient evidence of a loss to fraud, rather Miss A had suffered a significant investment loss. Miss A's representatives responded. They confirmed that Miss A had been able to withdraw £7,086.12 from T to her bank account. They also argued the following:

[Shares in the company] are legitimately listed stocks (6918:HK) but our client was being shown it in a scam URL. Investments were later transferred into [the other scam] by the scammer to make back the investment lost to [the shares]. This was a fraudulent token. Our client could not withdraw and was required to pay fraudulent fees in order to do so.

Since Miss A didn't agree with my initial findings, the case has been passed back to me to consider and come to a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account. However, that isn't the end of the story. Good industry practice required that Wise be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to protect its customer from that risk.

If there was a shortcoming on the part of Wise and that caused Miss A to experience a financial loss attributable to fraud, it might be reasonable to expect Wise to reimburse her. But in this instance, I'm not persuaded that there was such a loss. The transfer of funds to her account at T was to enable her to speculate in the movement of the share price of a specific company. To take advantage of that opportunity, she used her account at T to acquire a significant number of shares in that company. She did so in the hope that they would appreciate in value. Unfortunately, the price of those shares dropped very rapidly. Miss A decided to cut her losses by selling them at the reduced price.

I can accept that Miss A may have been badly advised. She took a significant investment risk and, with the benefit of hindsight, that appears to have been a poor decision. But any loss she's suffered here isn't attributable to fraud. And even if I were to find that Wise should have regarded any of these payments as out of character, there's no expectation that it intervene to protect customers from making poor investment decisions.

I've considered the representations Miss A's representatives made in response to my email and I'm struggling to see the logic in them. As I understand it, it is suggesting that Miss A never actually purchased shares in the company in the question and that the platform she was viewing her portfolio on was fake. There's no evidence to support this, but I don't find it believable. I know that the funds she sent were genuinely deposited with T – its platform has an integration with the Wise system. She was also able to withdraw a sum from T that was broadly in line with what I'd expect given how much the price of the shares had dropped. I also gather that T doesn't allow withdrawals to any other person's account – so it's difficult

to see what immediate advantage there would've been to the fraudster in persuading her to deposit funds into her account with T. He couldn't have accessed those funds.

In any event, Miss A believed that she was buying shares in that particular company. If it could be demonstrated that she *hadn't* actually done so, she still ended up in the financial position she'd have been in if she had. The loss on those shares that she experienced is consistent with what actually happened to that company's share price. If Miss A lost funds in the subsequent scam and these initial investment losses are simply the context that explains how she fell victim to it, she might have grounds for a complaint against another company that facilitated the transfer of those funds. However, based on the evidence that's been shared with me, none of the payments listed in the table above were lost to fraud.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 13 December 2024.

James Kimmitt
Ombudsman