

## The complaint

Mr F complains that Wise Payments Limited ('Wise') won't refund the money he lost after falling victim to a scam.

## What happened

Mr F's complaint has been brought by a professional representative. However, as the account is in Mr F's name, I'll refer to him throughout this decision.

In July 2022, Mr F saw a pop-up advertisement online with a celebrity talking positively about bitcoin and cryptocurrency investment. Mr F filled in his details to get more information about the investment. Unfortunately, Mr F didn't realise but this wasn't a genuine advertisement or endorsement and had been posted by a scammer.

Mr F was contacted shortly after providing his details by someone who claimed to work for a company I'll refer to as C. Mr F was told he would be assigned an account broker who would make trades on his behalf using an AI Algorithm, and there would be a £250 start-up fee. Mr F says he believed the investment opportunity was genuine based on the celebrity endorsement and the professionalism of C's website.

Mr F then received a call from someone who said they would be his account broker. They got Mr F to download a screen sharing application so they could assist him in setting up a cryptocurrency wallet with a genuine exchange (who I'll refer to as G) as well as a new account with Wise. Mr F says the account broker was knowledgeable and talked him through how the investment and trading would work.

On 5 September 2022, Mr F transferred £15,000 from an account he held with a different bank (who I'll refer to as R), to his Wise account. He then used his Wise card to make payments to purchase cryptocurrency, which was deposited into his wallet with G, before being sent on to the scammer.

Originally, Mr F raised a complaint about five card payments from his Wise account – totalling £30,000. However, it was later established that Mr F made a further six payments to individuals who sold him cryptocurrency, with the funds transferred to his wallet with G and on to the scammer.

Below are the payments that Mr F made as a result of the scam. All the payments Mr F made from his Wise account were funded by transfers he made from his account held with another bank.

Date	Pmt	Transaction description	Amount
9.8.2022		Account opened	
6.9.2022	1	Card payment to G – cryptocurrency exchange	£7,000
6.9.2022	2	Card payment to G – cryptocurrency exchange	£2,500
9.9.2022	3	Card payment to G – cryptocurrency exchange	£4,500
16.9.2022	4	Card payment to G – cryptocurrency exchange	£3,000
16.9.2022	5	Card payment to G – cryptocurrency exchange	£3,600

16.9.2022	6	Card payment to G – cryptocurrency exchange	£3,400
19.9.2022	7	Card payment to G – cryptocurrency exchange	£3,500
20.9.2022	8	Card payment to G – cryptocurrency exchange	£2,500
20.9.2022	9	Payment to A – individual cryptocurrency seller	£5,350
22.9.2022	10	Payment to A – individual cryptocurrency seller	£10,000
<b>22.9.2022</b>	<b>11</b>	<b>Payment to A – individual cryptocurrency seller</b>	<b>£11,000</b>
22.9.2022	<b>12</b>	Payment to A – individual cryptocurrency seller	£1,000
28.9.2022	<b>13</b>	Payment to O – individual cryptocurrency seller	£11,000
28.9.2022	<b>14</b>	Payment to O – individual cryptocurrency seller	£10,000
28.9.2022	<b>15</b>	Payment to O – individual cryptocurrency seller	£2,000

Mr F says that after making an initial investment of £15,000, he saw his account balance with C increase, so he tried to withdraw some funds. The account broker initially said they would arrange it, but then told Mr F that the payment had been blocked by a cryptocurrency exchange due to money laundering concerns. Mr F was told he had to send further payments to his cryptocurrency wallet and provide documents to confirm his identity – in order to release the funds. Once the checks were completed, he would get the funds he'd withdrawn from his investment and all of the additional payments he'd sent to his cryptocurrency wallet.

Mr F never got any funds back and lost contact with C in October 2022. Mr F says he tried to call and email but got no response.

At this time, Mr F was experiencing serious challenges in his personal life, which resulted in him leaving work to care for his wife.

Ultimately, in February 2023, Mr F was contacted by someone who said they worked for a cryptocurrency exchange and promised to get Mr F back the funds lost from his earlier cryptocurrency investment. Unfortunately, this was a scam and as a result Mr F made further payments from another bank account he held.

Mr F says he felt a lot of shame, and due to his difficult personal circumstances, he didn't report the scam until June 2023.

Wise considered Mr F's fraud claim but declined to refund him. Wise say there was no account history to compare the payments to, and they don't consider payments to G to be unusual.

Mr F wasn't happy with Wise's response, so he brought a complaint to our service.

An investigator looked into Mr F's complaint but didn't recommend that Wise refund him. The investigator didn't think that Wise should've had any concerns when Mr F made the payments. The investigator explained that chargeback wouldn't have been successful as Mr F had successfully purchased cryptocurrency with his payments.

Mr F disagreed with the investigator's opinion, saying the first payment was so large that Wise should've intervened. Mr F feels that had Wise discussed the payments with him, the scam would've been uncovered, and his loss would've been prevented.

As the case couldn't be resolved informally, it was passed to me to review.

Having reviewed the case, I intended to reach a different outcome than the investigator. I wanted to explain my reasoning and give all parties a chance to provide any further evidence before I issued a final decision. So, I issued a provisional decision on 25 June 2024.

### **My provisional decision**

In my provisional decision I said:

I'm really sorry that Mr F has lost such a significant sum of money and of the impact this has had on him.

In broad terms, the starting position in law is that Wise are expected to process payments that a customer authorises it to make, in accordance with the terms and conditions of the customer's account and the Payment Services Regulations 2017 (PSR's).

But, taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Wise should fairly and reasonably have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams. Also, I'd expect Wise to have systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). And where a potential risk of financial harm is identified, to have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment.

The first card payment that Mr F made from his account was for £7,000. This payment was identifiable as going to a known cryptocurrency exchange. While this was a new account, based on the size of the payment and that it was related to cryptocurrency, I would've expected Wise to have given a written warning that broadly covered scam risks. I wouldn't have expected Wise to have provided a tailored written warning at this point or to have intervened as this was a new account. And, I think it's unlikely that a broad warning about scam risks would've impacted in Mr F's circumstances based on the celebrity endorsement and his confidence that this was a legitimate investment.

However, when Mr F made payment six (as set out in the table above) I think Wise should've intervened and contacted Mr F to ask him questions about the payment. I say this because by September 2022, Wise should've been aware of the prevalence of cryptocurrency scams. Also, while this was a new account, this was Mr F's sixth payment made to an identifiable cryptocurrency exchange, and importantly was the third payment he'd made on that day and took the daily total of the payments made to over £10,000. For these reasons, I would've expected Wise to have asked Mr F open probing questions about the reasons for the payment before following his payment instructions.

Based on the information that I think Mr F is likely to have given them in response to their questions, I think it's more likely than not that the scam would've been uncovered, and Mr F's loss could've been prevented from that point onwards.

I think basic questions about how Mr F found the investment (online on a social media platform), what checks he'd done to ensure it was genuine (no checks, he had relied on a celebrity endorsement) and what he knew about cryptocurrency and cryptocurrency investments, would've brought to Wise's attention all the tell-tale signs of a cryptocurrency investment scam. Celebrity endorsement on social media advertisements was a prevalent and well-known scam at that time.

As I think Wise intervening on payment six would've uncovered the scam, I intend to ask Wise to refund all of the payments Mr F made from payment six onwards.

However, I have considered whether Mr F should share any liability for his loss due to contributory negligence.

Based on the information Mr F had available at the time, I'm satisfied that a deduction to his refund would be fair.

I appreciate that Mr F wasn't aware that celebrity endorsements could be faked and found this made the investment more believable. However, from what Mr F has told us, he only made an initial investment of £15,000. Then, in mid-September he tried to withdraw funds from his investment but was told the withdrawal was blocked due to anti-money laundering concerns and that he had to make additional payments to release the funds.

We don't have clear dates or details of which payments Mr F made as part of the investment and which payments were made to release the funds from his investment. But, based on his testimony that he tried to withdraw the funds in mid-September, I think it's more likely than not that the payments made on 16 September were part of his attempts to release his investment funds – this would include payment six.

I haven't seen anything that explains why paying more money would satisfy money laundering concerns, or why it would take multiple payments rather than just one payment. Especially as Mr F believed that the money laundering concerns were being raised by a separate genuine cryptocurrency platform. And it's unclear what questions Mr F asked and what responses he got in relation to the ongoing payments he was asked to make.

We do have an email between Mr F and his contact at C dated 16 September, in which he asks if they were phoning him, points out that he hasn't received his funds and asks if "this is a con". Clearly Mr F had concerns when his investment funds weren't immediately released, yet he continued to make payments.

I appreciate that Mr F was experiencing serious issues in his personal life, which may've meant that his judgement was impaired. But I think a reasonable person would've been concerned and his own email suggests that he did have concerns he might be the victim of a scam. I think it would've been reasonable for Mr F not to continue making payments in these circumstances and to do further checks. On that basis, I think Mr F should share liability for his loss with Wise and reduce the refund I intend to ask Wise to make by 50%.

As Mr F has been without the use of these funds, Wise should pay 8% simple interest on the refund, calculated from the date Mr F made the payments until the date of settlement.

For completeness, I wouldn't have expected Wise to raise chargeback claims in this case as Mr F's payments were all made to purchase cryptocurrency which was paid into his wallet. As Mr F received what he paid for from the merchant/seller, a chargeback wouldn't have been successful.

My provisional decision was that I intended to uphold this complaint and ask Wise to refund 50% of payments six to 14 (inclusive). Also, to ask Wise to payment interest on that refund at 8% simple per year from the date of the payments until the date of settlement.

### **Responses to the provisional decision**

In response to the provisional decision, Wise highlighted an additional payment made to A on 22 September for £11,000. This payment is included in the table above – bolded and in italics. I confirmed to Wise that I would also be asking it to refund 50% of that payment.

We contacted Mr F and let him know about the additional payment that would be included as part of the redress recommendation.

Both parties were advised that the new redress recommendation would be that Wise refund 50% of payments six to 15 (inclusive) and pay interest of 8% simple per year on that refund.

Neither Mr F nor Wise provided any new evidence or points that they wanted me to consider. So, I've reviewed the evidence again in order to issue 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.

As no new evidence has been provided, I see no reason to reach a different outcome than I did in my provisional decision.

While this was a new account, I'm satisfied that based on the size of the first payment and that it was easily identifiable as going to a cryptocurrency exchange, Wise should've been concerned and provided a broad scam warning - covering the most common types of scams. However, I think this broad warning is unlikely to have resonated with Mr F or prevented him from proceeding with the payment.

I wouldn't have expected any further warnings from Wise until Mr F made the sixth payment. At this point, I think Wise should've been sufficiently concerned based on the size of this payment and the pattern of payments, that they should've contacted Mr F and asked him open probing questions about the payments he was making. Based on the information that I think Mr F is likely to have given about the investment, including how he found it and the celebrity endorsement, Wise would've uncovered the scam and Mr F's loss could've been prevented from payment six onwards. So, Wise should refund payments six onwards.

However, I also have to consider whether Mr F should share liability for his loss.

By mid-September, Mr F was attempting to withdraw his funds from his investment and was told that he had to pay further money in order to satisfy anti-money laundering requirements and release his investment. It's not clear exactly which payments relate to Mr F trying to release his investment funds, but I think it's more likely than not payment six was made as part of this. I haven't seen anything that explains why Mr F would have to make further payments in order to release his funds or what Mr F asked about this process. But we do have an email which suggests that Mr F had concerns at this point about what he was being asked to do. And, I think a reasonable person would have taken steps to check the information they were being given before making any further payments. On that basis, I think it's fair for Mr F to share liability for his loss with Wise and reduce his refund by 50%.

In summary, I'm satisfied that Wise should refund 50% of payments six to 15 inclusive and pay interest on that refund of 8% simple per year – calculated from the date of the payments until the date of settlement.

### **Putting things right**

To put things right, I require Wise Payments Limited to:

- Refund 50% of payments six to 15 (inclusive)
- Pay interest on that refund at 8% simple interest, calculated from the date of the payments until the date of settlement.\*

\*If Wise considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr F how much it's taken off. It should also give Mr F a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

My final decision is that I uphold this complaint against Wise Payments Limited and ask them to compensate Mr F as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 20 August 2024.

Lisa Lowe  
**Ombudsman**