

The complaint

Mr L has complained that Wise Payments Limited (“Wise”) failed to protect him from an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr L has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer mainly to Mr L, but I’d like to reassure Mr L and his representative that I’ve considered everything both parties have said.

Mr L has explained that around August 2023 he saw an advert on social media presenting an investment opportunity, whereby he could invest a small initial deposit and the investment company would trade on his behalf. Mr L says he expressed an interest by clicking on the link, where he completed a contact form. He was shortly contacted by a representative of the investment company, at which point he was given more information about the alleged investment, and he completed the sign up process.

Mr L says that he complained an online search on the investment company, and this revealed a professional-looking website, which closely resembled that of a legitimate company. He also says positive online reviews further persuaded him this was a legitimate and trustworthy company to invest with.

Following the initial contact Mr L was contacted by a supposed financial advisor (“the scammer”) who he describes as appearing very professional, so he believed he was an experienced trader that he could trust with his money. Mr L made an initial deposit (from an account held with another bank) and also opened a cryptocurrency wallet in order to trade in cryptocurrency. From the information Mr L has provided it appears he was in regular contact with the scammer by message and phone call.

Mr L says he was given access to an investment platform and that he could see his investments performing well, so he was gradually persuaded to invest more and more. He also says he was also able to make some small withdrawals from his profits. After some time Mr L was presented with the opportunity to invest in Bitcoin, but he was required to make a larger investment for this, with potentially higher rewards to be earned. Mr L sent £5,000 from his Wise account to the scammer in order to fund this investment.

Mr L says he realised he’d been scammed when he could see numerous trades had been placed on his account, but they appeared to be losing as opposed to making a profit, which is what Mr L had seen up to that point. He says he was contacted by various individuals at the investment company who told him his original advisor had left the company, but they reassured him that with further investments he could recoup his losses. Mr L didn’t invest any further from this point.

Mr L reported the scam to Wise in October 2023. Wise didn't refund the payment Mr L made to the scammers so Mr L made a complaint. In the complaint Mr L said Wise had the chance to contact him before the payment was sent, especially as it was a high-value payment made to a new payee. He also said he didn't receive "an effective pop-up or warning signs which would have indicated to him he was being scammed as the messages were generic and appear before most legitimate payments they make". Wise didn't uphold Mr L's complaint, so he referred it to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained he thought that the warning Wise gave to Mr L was sufficient, especially because Mr L didn't give Wise an accurate reason for why he was making the payment when Wise asked.

As Mr L didn't accept the investigator's opinion, the case has been passed to me to make a 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 sorry to disappoint Mr L but having considered everything I'm afraid I'm not upholding his complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mr L authorised these payments from leaving his account. It's accepted by all parties that Mr L gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with the terms and conditions of Mr L's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Mr L opened his Wise account six days before the payment of £5,000 was made. He'd received three inward payments in the days preceding the payment, including one of £5,000 from his own account elsewhere. The payment of £5,000 would've almost cleared Mr L's balance in his Wise account.

Wise says that as the account had been recently opened it didn't have much history for Mr L, so it wasn't able to determine whether the payment was out-of-character compared to his usual account activity. Whilst this may be true, this doesn't excuse Wise from its responsibility of monitoring transactions to reduce potential financial harm, based on what it knows about its customers and the industry more widely. So it doesn't mean Wise didn't need to be on the lookout to prevent its customers – as far as reasonably possible – from being scammed.

With this in mind I think it was proportionate for Wise to intervene before this payment was made. A proportionate intervention can take many forms, and doesn't have to be human contact, and in this case I don't think Wise needed to make human contact with Mr L. I think given the risk factors involved it was proportionate for Wise to show a tailored written warning to Mr L, specific to the type of payment he was making.

Wise says that when Mr L gave the payment instruction it initially showed him a general warning to “Protect yourself from scams”. Wise asked Mr L for the purpose of the payment and presented him with a list of options – and he selected the reason as “Paying for goods or services”. It’s important to note at this point that the list also included the option of “Making an investment”.

Following this Wise then showed Mr L a series of scam-specific warning screens, tailored to the payment type he’d selected of “Paying for goods or services”. Wise has provided copies of the warning screens and I note that it firstly asks if the customer is making a purchase from a list of several websites, with one of those being the social media site where Mr L says he saw this investment advertised. The next screen shows the warning “Stop – this sounds like a scam” and gives the customer the option to proceed or cancel the payment. The next screen encourages the customer to check reviews of the merchant before sending the payment, and again gives the option to continue to the payment or cancel it. And finally, there’s another screen which warns the customer that it can be difficult to get their money back if they’re scammed, and they’re again required to confirm whether they’d like to proceed to make the transfer or cancel it. Mr L chose to proceed with the payment and Wise followed the instruction in line with the terms of Mr L’s account.

Had Mr L selected the reason for the payment as “Making an investment” he’d have seen a similar series of scam warning screens related to making investments, as opposed to tailored to paying for goods or services. Wise hasn’t provided a copy of the investment warning screens but I’m satisfied that had Mr L chosen this option, the warnings would likely have given Mr L sufficient information to understand the risk of investment-related scams, and to allow him to reconsider before making the payment. But as Mr L didn’t select an accurate reason for the payment he was making, I can’t hold Wise responsible for that.

I’ve also seen that Mr L says he chose “Paying for goods or services” as believed he was buying cryptocurrency. Whilst I’ve considered and accept this point, Mr L confirmed to our investigator that he was “Investing in cryptocurrency” so I’m satisfied that the option “Making an investment” would’ve been more appropriate to choose, and was clear enough for Mr L to understand.

Having considered everything, I’m satisfied that Wise’s intervention was proportionate to the risk presented by this payment. I acknowledge that Mr L’s account was new, and the payment was fairly large, but I think the specific warnings given by Wise would’ve allowed Mr L adequate opportunity to understand the risks involved before making the payment, and even more so had he chosen the appropriate reason for the payment.

I’ve seen that Mr L’s representative has said that Mr L made payments in rapid succession and didn’t receive a warning message or pop-up before the payment was made. As Mr L’s representative is aware, Mr L only made one payment, so I therefore don’t agree with its point that Mr L made payments in rapid succession. And for the reasons I’ve already explained, I also find Mr L’s representative’s point related to the lack of warning message unfounded.

Additionally, I’ve also reviewed the message transcripts between Mr L and the scammer. It appears some of the payments Mr L sent before this one from his other bank accounts were stopped by those banks, and they intervened by speaking to Mr L on the phone. Considering this as part of the wider picture, I think those interventions should’ve added to Mr L’s awareness and made him alert to the existence of scams, and should’ve made him think twice about the payment he was making, even though the calls weren’t made by Wise.

Recovery of the funds

Wise attempted to recover the funds Mr L sent as part of this scam as soon as it was made aware of it, but they'd been withdrawn by the recipients. Funds obtained in this way are often withdrawn within hours of receipt, if not sooner, so there was a slim chance Wise would be able to recover anything. But I'm satisfied that Wise did what it needed to in an attempt to recover what it could.

I'm very sorry that Mr L has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Wise responsible for that.

My final decision

I don't uphold Mr L's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 8 November 2024.

Sam Wade
Ombudsman