

## **The complaint**

Mr T complains that Wise Payments Limited (“Wise”) won’t refund money he lost when he fell victim to a cryptocurrency investment scam.

Mr T is being represented by solicitors in this complaint.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat them again here. Instead, I’ll provide an overview and focus on giving my reasons for my decision.

In October 2023, Mr T made payments totalling just over £18,000 from his Wise account. These were made in connection with an investment opportunity which he came across on a social media platform. Unfortunately, it turned out to be a scam.

Mr T transferred money from his current account with a bank “B” into Wise, before purchasing cryptocurrency from cryptocurrency providers. The cryptocurrency was then transferred into wallets as instructed by the scammer, albeit at the time Mr T believed he was depositing it into his own wallet. He discovered he’d been scammed when he requested to withdraw his profits but was told he needed to make further payments.

## **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.

Having done so, I’ve reached the same outcome as our investigator for these reasons:

- The starting position is that Wise is expected to process payments that Mr T authorises it to make, in accordance with the Payment Services Regulations 2017. Mr T hasn’t disputed our investigator’s conclusions that the disputed transactions would fairly be regarded as authorised. For the sake of completeness, I agree that the transactions were authorised, given the available information shows that Mr T understood payments were being made. So, I think it’s fair to say that he either made these payments or gave permission for someone else to make them on his behalf. It follows that Mr T is presumed liable for the losses from these payments in the first instance.
- There are circumstances when it might be appropriate for Wise to take additional steps before processing a payment. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it *might* be liable for losses incurred by its customer as a result.
- Looking at the account activity, I agree with the investigator that Wise ought to have identified that Mr T was at a heightened risk of fraud when he made the first payment – it was not in keeping with the usual spending on the account. I consider the proportionate response to the risk identified in that instance would have been for

Wise to have asked a series of questions to narrow down the specific scam risk involved. As the transaction was identifiably cryptocurrency related, I consider that Wise ought to have tailored its questions accordingly. Based on Mr T's response, it should have provided a written warning specific to the type of cryptocurrency scam identified. As the payment frequency increased, I think further intervention was warranted. And this time, I consider that the intervention should have gone beyond the provision of an automated warning – Wise should have carried out a direct 'human' intervention.

- But having considered the matter carefully, on balance, I'm not persuaded that any intervention would have unravelled the scam in Mr T's eyes and caused him to stop from going ahead with the payments. I say this because even if Wise had established that the specific cryptocurrency scam risk involved here was an investment scam and provided a written warning relevant to that, from the written correspondence I've seen between Mr T and the scammer shows he was being coached on what to say. In making that finding, I'm mindful that the exchange wasn't limited to written correspondence, so further detailed discussions could have been had over the phone.
- When B blocked a transfer that he'd attempted to make to Wise, Mr T didn't tell the bank the real reason for sending money. I consider Mr T's actions show the scammer had gained his trust, including a willingness to mislead his account provider. Therefore, even if the written warning had raised any doubts in Mr T's mind, in the circumstances of what happened here, I think it's more likely than not he would have gone back to the scammer who would have provided reassurances. Given a regulator warning about the scam company hadn't been published by that point, I'm more persuaded that Mr T would have carried on with the transaction even if he'd gone away to do independent checks.
- As for the subsequent intervention where I would have expected a direct interaction between Wise and Mr T, I'm mindful that he didn't want his bank to know why he was sending money. On balance, I think it's more likely than not that he wouldn't have wanted Wise to know the reasons either. I recognise that the cover story Mr T provided B is unlikely to have worked with Wise seeing as it would have been able to tell that the transactions were cryptocurrency related. But I think it's important to note that it isn't the specifics of the cover story, but the willingness to mislead the account provider. Especially one with whom he's had a longstanding relationship. We know the scammer was coaching Mr T in what to say. I think it's more likely than not that an alternative cover story would have been provided if Wise had sufficiently probed Mr T.

In summary, I do appreciate how disappointing this outcome will be for Mr T. I don't doubt that he's a victim in this situation. But, for the reasons given, I'm not persuaded that his losses can be attributed to something Wise did wrong.

### **My final decision**

For the reasons given, 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 T to accept or reject my decision before 9 January 2025.

Gagandeep Singh  
**Ombudsman**