

## The complaint

Mr P complains that Wise Payments Limited ('Wise') didn't do enough to prevent the loss he suffered when he sent money to one of their customers as the result of a romance scam. Mr P is represented in this complaint, but I'll refer to him as it's his complaint.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr P has an account with Wise.

On 6 September 2023, Mr P received a message on his messaging APP, from an unknown person, which he thought was meant for someone else.

This unknown person was a scammer called X. A conversation ensued and then continued almost daily. Mr P and X discussed interests, hobbies and shared private information, and Mr P felt he had *'built up a strong relationship'* with X.

About a week later, on or around 12 September 2023, X started to tell Mr P about the benefits of investing in cryptocurrency and her expertise and experience in an investment platform.

Mr P did some research and X persuaded Mr P to work with her as *'part of a team to form a large investment'*. Also, to let her take control of his computer to help him set up the cryptocurrency accounts.

On 12 October 2023, Mr P transferred £8,500 from his Wise account to another Wise account for which X supplied the details. X led Mr P to believe that his investment was doing well, and she then encouraged him to invest more.

On 17 October 2023, Mr P transferred a further £4,050 from his Wise account to another of X's Wise accounts.

Mr P thought he had made a profit but, after experiencing issues when trying to withdraw his funds from the cryptocurrency investment platform, he realised he had been the victim of a cruel scam and lost his £12,550.

Mr P complained to Wise seeking a reimbursement of his loss, together with 8% interest and £300 compensation for the following reasons:

- He was a vulnerable customer due to the cost-of-living crisis and a recent split from his long-term partner which left him feeling lonely.
- There was rapid depletion of his funds and the two payments had *'clear scam red flags'*, were *'large and unusual for his account'* and *'matched a known fraud or scam'*
- Wise missed a clear opportunity to protect him from financial harm. They didn't contact him to question such unusual financial activity and didn't intervene to provide any impactful or positive scam warnings.

Wise rejected his claim and Mr P's complaint was escalated to our service. However, our investigator considered Wise's dealings with Mr P to have been fair and reasonable.

As Mr P remains dissatisfied his complaint has been referred to me to look at.

### **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'd first like to say I'm very sorry that Mr P has been the victim of such a cruel scam and lost a significant amount of money here. And I don't underestimate the severe impact this has had on him. However, I'm not upholding this complaint and I'll explain why.

In broad terms, the starting position in law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. And a customer will then be responsible for those transactions that they have authorised.

It isn't in dispute here that, having been persuaded by the scammer, Mr P authorised Wise to make the two payments totalling £12,550 from his account with them. So, although he didn't intend the money to go to a scammer, the starting position in law is that Wise was obliged to follow his payment instruction and Mr P isn't automatically entitled to a refund.

Firms though have a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customer's accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

However, they do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, in this case, I considered whether Wise acted fairly and reasonably in its dealings with Mr P when he made the payments, or whether it should've done more than it did.

I first considered the purpose of a Wise account, Mr P's use of it and whether Wise were aware of Mr P's vulnerabilities and that he was making a cryptocurrency investment.

Wise is an EMI and not a bank, and its primary purpose is to send payments worldwide, often in a particular currency. And payments are typically for friends and family members and payments can range from one-off low amounts, regular amounts and for one-off larger amounts.

Also, making a transfer to a new person isn't unusual and I noticed Mr P often used his Wise account to make payments in 2022 and in three of the four months preceding October 2023. Although these were to his own accounts and not to new people, they were mostly for large amounts of around £10,000 with some much higher. So, prior to the £8,500 and £4,050 transactions in October 2023, Wise would've seen a pattern of large amounts moving through Mr P's account.

The two payments weren't made to a merchant or crypto platform. Instead, they were made to another Wise account holder, and Wise didn't have any information to suggest this customer presented a risk to them or Mr P.

I don't think the first transaction stood out or there were any clear hallmarks that the transactions were for a high risk cryptocurrency investment which could possibly be a scam.

As Wise aren't a bank and Mr P uses them periodically, they have less insight into his finances.

I found that Wise did have a risk based warning system in place which, depending on customers' answers to questions which identify circumstances where there is a high probability of a risk such as a scam, gives customers warnings and important protection information for them to consider. Wise's system does though rely upon customers reading the warnings and providing accurate answers.

I looked closely at the questions Wise asked Mr P, the information he received and the answers he submitted.

Before Mr P could transfer money to X's account Wise first presented him with a screen which, in bold, said *'protect yourself from scams'*. The message went on to say *'This could be a scam. It's hard to get your money back once you send it so first, tell us what this transfer's for to get advice.'*

Mr P was asked to choose from one of the following seven options:

1. *'Sending money to yourself'*
2. *'Sending money to friends and family'*
3. *'Paying for goods or services'*
4. *'Paying a bill (like utilities or tax)'*
5. *'Making an investment'*
6. *'Paying to earn money by working online'*
7. *'Something else'*

Despite wanting to credit X with the money for her to make the joint investment, Mr P selected option 2 (*'Sending money to friends and family'*) instead of option 5 (*'making an investment'*). By choosing to answer in this way Mr P didn't get Wise's automatic advice for *'making an investment'*.

I appreciate Mr P appears to have been encouraged by X to select option 2 and Mr P considered X to be his friend, however file notes show Mr P still received a further warning from Wise in the form of the following two questions / scenarios about scammers which both applied to him.

- *'Have you met (Person A) in real life?'*
  - *'Scammers often create fake profiles online to trick people into giving them money, if you haven't met them in person, its safest not to give them money.'*
- *'Did (Person A) ask for money unexpectedly?'*
  - *'If you got a message on social media, it could be a scammer who's hacked John's account. Double check with them before paying.'*

I say this because X sent him a message unexpectedly on social media, Mr P had only known X for a few weeks and as he had not met her in person there was a risk she had created a fake profile online to trick him. And I also think this should've resonated with him as this had similarities to his situation.

However, Mr P decided to proceed with the transfer despite these warnings from Wise.

I couldn't see that Wise were made aware of Mr P's vulnerabilities. I recognise the impacts of the cost of living crisis and loneliness, and I think Wise warnings cater for such vulnerabilities.

So, in summary, Mr P:

- Selected an option which was inaccurate and not related to the transfer purpose. In doing so:

- The transaction didn't stand out as unusual, look different or appear high risk as Wise wasn't aware it was for an investment
- He prevented Wise from implementing their risk model and providing the higher risk advice on making an investment
- Disregarded the scam advice he received that had similarities to his situation as he was sending money directly to someone he hadn't met and had only known for a few weeks.

Regarding Mr P disregarding advice, I noticed another connected case where a different business blocked and intervened on a scam payment and provided scam education. Despite this, Mr P was still determined to go ahead, and he transferred funds out of his account to another business to send on to the scammer.

The second £4,050 payment was for a lower amount to a different Wise account. I also don't think this transaction could be considered unusual. And Wise had already provided Mr P with a warning.

But even if Wise gave Mr P another option with appropriate warning, based on his actions in the other above-mentioned case, I think it more likely than not that he'd again have selected the same inaccurate friends and family option. And, if he'd selected the accurate investment option and obtained the correct warning, I'm not persuaded it would have made a difference here.

Having considered what Wise knew about these payments at the time it received the payment instructions, I'm not persuaded it ought to have been concerned about them. Although I appreciate X was an astute romance scammer and Mr P had fallen under her spell, I don't think it is fair to say Wise didn't give him warnings or advice.

Considering all the circumstances here, including the primary reason for the use of EMI's (as explained above) and the warnings and advice Wise gave Mr P, I don't think there were sufficient grounds for Wise to think Mr P was at risk of financial harm from fraud when he made the payments. Also, I wouldn't expect firms to provide human intervention for every payment and I think the warnings were sufficient for Mr P to question the legitimacy of X and the investment and not proceed with the payments.

I'm also satisfied that Wise did try to recover Mr P's funds, from the two functioning accounts belonging to X that the money was paid into as soon as they were made aware of the scam. However, X had already collected the payments.

In conclusion, I recognise Mr P has been the victim of a cruel scam and I'm very sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him, so I won't be asking it to make any refund.

### **My final decision**

My final decision is that I do not uphold this complaint against Wise Payments Limited. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 22 May 2025.

Paul Douglas  
**Ombudsman**