

## **The complaint**

Ms S complains that Wise Payments Limited won't refund money she lost as part of an investment scam.

Ms S is professionally represented, however, to keep things simple, I'll refer to Ms S throughout my decision.

## **What happened**

The background to this complaint is well known to both parties, so I won't repeat what happened in detail.

In summary, Ms S came across an advertisement for a company, I'll refer to as 'X', which promoted investing in cryptocurrency, while watching a television program hosted by a trusted financial expert. Interested in the potential opportunity Ms S called the number provided and decided to make an initial investment of £200 with X, who we now know to be a scammer.

Shortly after, Ms S received an email from her other banking provider, I'll refer to as 'L', mentioning a loan had been taken out in her name for £11,000, which she didn't have any knowledge of. Ms S dismissed the email but then received continuous calls from X who claimed the initial investment had been successful, and that to withdraw her profits she would need to open various accounts with different banking providers for it to be received. X also said the initial investment of £200 had resulted in her accumulating £18,000 in profit, and they advised her to wait until this amount reached £20,000 before making any withdrawals.

As part of the scam, Ms S sent £3,000 on 13 November 2023 from her Wise account - with it being funded from money from her account with L.

Ms S says she became aware she'd been scammed after speaking to a friend who expressed concerns, and when she attempted to withdraw her supposed profits, she was asked to make further payments and told she needed to pay tax to release the funds.

Ms S reported the scam to Wise and Action Fraud.

Wise replied in January 2024 – it said they did not know the payment was a scam until Ms S notified them, and the payment was completed as per her request, so they had fulfilled their contractual obligations.

In June 2024, Ms S raised a complaint with Wise. In short, she said:

- The payment was made as part of a scam.
- She was in a vulnerable position due to her age and ongoing health issues as a result of long covid.
- The Wise account was opened as part of the sophisticated investment scam under the instruction of X.

- The payment should have been blocked as it was out of character for her.
- The payment had all the hallmarks of a scam, as Wise would have been familiar with.
- At the time of the payment, she had remote access software installed on her device, which should have been detected by Wise using industry fraud detection tools.
- Wise's failure to reach out to her to verify the nature of the transaction, represented a missed opportunity to prevent the scam, particularly as the event took place after the introduction of the Consumer Duty.
- A timely and effective intervention could have halted further payments and potentially saved her from significant financial loss.
- To settle the complaint, she wanted Wise to provide her a refund, pay 8% simple interest and £300 in compensation.

The complaint was referred to the Financial Ombudsman. Our Investigator didn't think Wise had to do anything further. He said he didn't think there were sufficient grounds for Wise to think that Ms S was at risk of financial harm from fraud when she made the payment. So, Wise were not at fault for processing the payment as she instructed. The Investigator went on to mention Wise stopped further payments of high value from being made by Ms S, which prevented her from losing more to the scam.

Ms S disagreed and asked for her complaint to be reviewed by an Ombudsman. The matter has therefore been passed to me to decide. In short, she added:

- The payment was unusual compared to her usual account activity, especially as she'd never made a payment for more than £75 prior to the £3,000 she made to X. This would have shown a sudden increase in spending, and a payment being made to a new payee, which matches a known method of fraud or financial abuse.
- Wise should have intervened when the payment was attempted, especially as the payment was made after the Consumer Duty had come into force, which put obligations on businesses to avoid foreseeable harm to customers.

### **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 Ms S has been the victim of a scam and I don't underestimate the impact this has had on her. But while I'm sympathetic to Ms S's circumstances, I must consider whether Wise is responsible for the loss she has suffered. I know this won't be the outcome Ms S is hoping for but, for similar reasons as our Investigator, I don't think they are. And so, I don't think Wise has acted unfairly by not refunding the payment. 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 that their customer authorises them to make. It isn't disputed that Ms S knowingly made the payment from her account – albeit under the direction of the scammer – and so, I'm satisfied she authorised it. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Wise are expected to process Ms S's payment and she is presumed liable for the loss in the first instance.

I've considered the CRM code which can offer a potential means of obtaining a refund following scams like this one. But as Wise isn't a signatory of the CRM code, this payment isn't covered under it. I've therefore considered whether Wise should reimburse Ms S under any of their other obligations.

Taking into account relevant regulatory rules and guidance, relevant codes of practise and good industry practise, there are some situations where a business might take further steps or make additional checks before processing a payment to protect customers from the possibility of financial harm from fraud. Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Ms S.

Having considered what Wise knew about the payment at the time it received Mrs S's instruction, I'm not persuaded it ought to have been particularly concerned about it. One of the key features Wise provides its customers is that it facilitates money transfers, often involving large amounts. The amount of money Ms S sent, while clearly not insignificant and greater than what she typically spent on her account, doesn't in itself suggest a heightened risk of fraud. Nor was it going to a payee that carried a known fraud risk – such as a crypto provider. Instead, it was going to another person's account, and it is common for customers to transfer payments of this value at times.

All of this means that, without any interaction between Ms S and Wise before the payment was made, I don't think Wise would have enough reason to suspect Ms S was at risk of financial harm from fraud when she made the payment. So, I can't say it was at fault for processing it in line with her instruction.

I've also considered the comments Ms S has made regarding Wise's obligations following the introduction of the Consumer Duty. However, given the information that was available to Wise at the time of the transaction made by Ms S, I don't think the loss was foreseeable in these circumstances for the reasons I've explained above.

### *Recovery*

I've considered whether, on being alerted to the scam, Wise could reasonably have done anything more to recover Ms S's loss, but I don't think they could have. Wise have confirmed by the time they received the scam report; the beneficiary account had been deactivated. It's a common feature of this type of fraud that the fraudster will move money quickly to other accounts once received. In the circumstances, I don't think Wise could reasonably have recovered Ms S's losses here.

### *Vulnerabilities*

Ms S has said she was vulnerable at the time the scam occurred due to her age, health issues and challenges she was facing from suffering from long covid. However, I can't see that Ms S had made Wise aware of her health issues at the time. And so, they wouldn't have known Ms S might be at greater risk of falling victim to a scam.

In respect of Ms S's age, this is something that Wise would've known – and they should be aware it could potentially have put her at greater risk. That said, I don't think Ms S's age in itself from what's been shown, indicates that she was particularly vulnerable to scams at the time she made the payment. Nor do I consider the payment was so unusual or suspicious whereby I would've expected Wise to have taken additional steps before processing it.

### *Conclusion*

I have a great deal of sympathy for Ms S and the loss she's suffered, as I appreciate it is a significant sum of money to her. However, it would only be fair for me to direct Wise to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. So, while I know this will come as a disappointment to Ms S, for the above reasons, I think Wise have acted fairly and so I'm not going to tell them to do anything further.

**My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 4 June 2025.

Israr Ahmed  
**Ombudsman**