

The complaint

Mr V and Mr V complain that Wise Payments Limited did not refund a series of payments they say they lost to a scam.

As Mr V was the individual actively involved in the communication and who primarily raised the complaint, I will mostly refer to him throughout this decision, but this is not meant to be a discourtesy to his father, Mr V.

What happened

Mr V was actively looking for investment opportunities in early January 2021 and found two companies he was interested in. I'll call them 'L' and 'B' for the purposes of this decision. For each of these investment opportunities, he was given access to an advisor who would help facilitate trades in commodities and in companies such as Tesla and Amazon. He had access to online platforms where he could see his trades, and he received a small amount of returns for B, as well as significant returns for L.

However, Mr V eventually felt both companies were operating as scams. For B, he was told he had lost significant funds on trades so he needed to keep investing to be able to make additional trades to recover. After some time, he was told that in order to withdraw his balance of over a million pounds, he needed to pay various fees. Mr V had significant doubts about the validity of the fees and charges but paid these on a number of occasions. Eventually, when he still did not receive his returns, he blocked the company and realised he had been the victim of a scam.

For L, Mr V invested a significant amount of money in the company across various accounts he held, and between early 2021 and late 2022, he received returns somewhere in the region of £150,000. In November 2022, Mr V felt he had been lied to by L so they could get more money from him, and he felt he had been scammed. He made the following payments from his personal account with Wise:

Date	Amount (£)
24.03.2021	22,000.32
25.03.2021	7,100.00
28.03.2021	1,150.32
22.04.2021	6,200.32
23.04.2021	27,000.32
23.04.2021	27,000.32
28.04.2021	10,850.32
02.06.2021	14,300.32

Mr V raised a scam claim with Wise in June 2023. Wise issued a final response letter and explained that they had processed the payments as directed by Mr V, so they did not agree to uphold the complaint. In their business file to our service, they said that the payments did not cause Wise concern as Mr V had an extensive account history with them in the form of a personal account and a business account, in which he frequently sent payments to a number of recipients in various currencies.

Mr V referred the complaint to our service and our investigator looked into it. They felt that B was a scam, but they did not think it was clear if L was a scam or not, as they still appeared to be operating two years after Mr V's last interactions with them. And while they recognised there was a warning about L operating while unregulated in the United Kingdom on the Financial Conduct Authorities ("FCA") website, they did not think this was evidence of a scam. In any event, they felt Wise should have intervened on the £22,000.02 payment as it was unusual for the personal account. But they did not think a human intervention would have made a difference as they did not think the spell of the scam would have been broken at that time.

Mr V's representatives did not agree with the findings. They argued that L was a scam and set out their reasons for this. And they felt there were enough hallmarks of a scam with B and L that intervention from Wise would have uncovered it and prevented 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.

As the payments were going to cryptocurrency wallets in Mr V's name or to international accounts, they are not covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code, which provides additional protection to victims of authorised push payment ("APP") scams such as Mr V.

I've firstly considered whether the payments in question were made to scams, as Mr V has described. I've firstly considered B which I agree has the hallmarks of an investment scam. Mr V received token returns at the start of the process of around £5,000, and towards the end was told he had to pay various fees, taxes and charges to access the million pounds that was remaining in the account. However, each time he paid there was another excuse as to why they needed more money before he could withdraw the funds.

I've gone on to review L and I can see it was licensed in a different country to trade securities as an agent, but I do note that in January 2021 the Financial Conduct Authority issued a warning that they were not registered in the United Kingdom to trade. But this alone does not mean they set out to defraud Mr V and take his money without providing him with a legitimate service.

Having looked into L further, I can see their license to trade securities in a different country was revoked in June 2022 but they continued to trade and still appear to have a website today. Mr V sent L a significant sum of money between January 2021 and late 2022, though it is difficult to quantify exactly how much due to the various accounts and currencies involved. But he also received around £150,000 in returns and while I recognise this was just a portion of what he sent; this was still a significant sum to receive back on a scam. With all of this in mind, I can't say with certainty whether L was a scam, but to be fair to Mr V I have gone on to make an assessment as if he was the victim of a scam.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance

with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

It's not in dispute here that Mr V authorised the payments in question as he believed they were part of a legitimate investment. So, while I recognise that he didn't intend the money to go to scammers, the starting position in law is that Wise was obliged to follow his instruction and process the payments. Because of this, he is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Wise did enough to try to keep Mr V's account safe.

From what I can see on Mr V's statements, it appears he had not used his personal account much in the year prior to the initial payment of £22,000.32. I appreciate Wise have said they also considered the activity of Mr V's business account when assessing how out of character the scam payments were, however, I think it is reasonable to consider the personal account separately. I say this because personal accounts are used in a different manner to business accounts and often tend to deal with lower value payments. With this in mind, I think Wise should reasonably have intervened on the £22,000.32 payment to ask some additional questions about it.

I've gone on to consider whether an intervention from Wise would reasonably have uncovered the scam. Having carefully considered everything available to me, I don't think intervention at that point would have broken the spell of the scam. I'll explain why in more detail.

I have firstly considered an earlier intervention in late January for one of the first payments made towards the scams that a third-party bank carried out. In this, Mr V was asked some basic questions about the investment such as where he found it and if he had carried out reasonable checks including the FCA website to see if they were regulated. Mr V confirmed he had been dealing with the company for some time, had checked them out and was happy they were genuine and in the call he came across as relatively confident and relaxed about the payment. As I do not think Mr V's answers had cause to give the third-party bank concern, I thought it was unlikely further intervention would have revealed the scam in the circumstances.

I think it is likely an intervention from Wise would have followed a similar pattern, as it was only two months after the initial intervention and from what I can see, the situation had not changed significantly since then. While Mr V had made some comments in the chat with B about hoping it was not a scam, this is a theme that ran throughout the whole conversation with them, and he continued to make a significant number of payments even after he voiced serious concerns towards the end of the scam. This was after he indicated his own wife had serious doubts about the company, but despite this he continued to send them money for various fees and charges. So, I think it is unlikely an intervention early on in the scam would have broken the spell.

Mr V's representatives have highlighted that there was a warning on the FCA website that L was not registered in the United Kingdom and that the advert for them featured a celebrity. They felt these would have been red flags to Wise that L was a scam. I firstly think it is unlikely Mr V would have gone into detail about L and the fact he was using them, considering the earlier intervention by the third-party bank and the limited information he shared with them. I also have to consider that in correspondence I have seen, Mr V refers to

L's license to trade in a separate country, including their specific license number. So, I think he had carried out some research into the company and found they had a license, albeit not in this country. So, I think he was reasonably convinced they were legitimate at that time, and I don't think a meaningful intervention from Wise would have uncovered either scam in the circumstances. And I don't think they need to reimburse him because of this.

I've finally considered if Wise did what they should have done once they were made aware of the scam. On balance, I think that had Wise contacted the beneficiary banks once it became aware of the scams, it would not have been able to recover the funds. I say this because the funds that went into the cryptocurrency wallet Mr V's name were then sent onto the scammer. So, the funds had already left the beneficiary account before the scam was reported. As such, Wise wouldn't be able to recover any of the funds. And Wise confirmed they would need a police report to contact the international banks to request a return of the funds. In any event, as a significant period of time had elapsed between the payments being made and the scam being reported, I think it is unlikely that any funds would have remained in the beneficiary account that could have been recovered.

I want to acknowledge that Mr V and Mr V lost a significant amount of money and I'm sorry they've gone through this experience. But I can't ask Wise to refund them their losses when I don't think they could reasonably have been expected to uncover the scam at the time the payments were made.

My final decision

I do not uphold Mr V and Mr V's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V and Mr V to accept or reject my decision before 13 December 2024.

Rebecca Norris
Ombudsman