

The complaint

Mr O has complained that Wise Payments Limited (“Wise”) didn’t protect him from falling victim to an investment scam and hasn’t refunded the money he lost.

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

Mr O explains that in August 2023 he was contacted by an alleged investment broker (“the scammer”) who presented him with the opportunity to invest in cryptocurrency. Mr O says he was convinced by the scammer as they had a persuasive demeanour, and the opportunity of financial freedom later in life appealed to him, so he decided to go ahead with investing. Over a period of almost two weeks Mr O made six payments to the alleged investment totalling almost £14,000.

Mr O says that Wise didn’t intervene or give him any effective warnings before making the payments in relation to the scam, so he didn’t realise he was being scammed.

The payments Mr O sent were as follows:

Date	Amount
01/09/2023	£1,400
01/09/2023	£2,450
05/09/2023	£1,000
06/09/2023	£1,000
11/09/2023	£3,000
13/09/2023	£5,000
Total	£13,850

Mr O made a complaint to Wise, but Wise didn’t uphold it as it said Mr O had been given warnings about scams before making the payments. Mr O didn’t agree with Wise, so he referred the complaint to this service. He said the pop-up messages he saw simply asked him to confirm that he wanted to make the payments and didn’t mention scams at all.

Our investigator considered everything and didn’t think the complaint should be upheld. He explained that he didn’t think the transactions were sufficiently identifiable as a scam that Wise should’ve done more than it did. He also noted that Mr O hadn’t given Wise the correct reasons when it asked for the purpose of the payments, so the warning Mr O saw wouldn’t have been relevant to the scam Mr O was falling victim to.

As Mr O 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 O 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 O authorised these payments from leaving his account. It's accepted by all parties that Mr O 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 O'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 O opened his account the day before the first payment was made, and Wise says that it consequently didn't have any usage history for Mr O, so it wasn't able to determine whether the payments were out-of-character compared to his usual account activity. But despite this Wise has provided evidence that it intervened before all of the payments from the second onwards by showing Mr O tailored written scam warning messages.

The first payment was for a relatively low value, and at that point I don't think Wise ought to have been aware that Mr O might've been scammed, so I don't think it needed to intervene before allowing the payment to be made. There was no account history to compare the payment to, and the amount didn't stand out as particularly remarkable. So I think it was fair for Wise to make the payment without unduly inconveniencing Mr O by asking questions about it.

Turning to the remaining five payments, I'm satisfied that questions Wise asked about them, and the warnings it gave Mr O, were a proportionate way for Wise to intervene before they were made.

These payments were also fairly modest in size and they were spread out over the course of almost two weeks, and they were all sent to different payees. Wise asked Mr O for the purpose of each payment and presented him with a list of options – and for all five he selected the reason as "Paying for goods or services".

The way that Wise is used means its customers often only use it for occasional one-off payments, and the payments Mr O made generally fit within this pattern of behaviour. Additionally, I've not been made of any other factors that should've increased Wise's approach to the risks of the payments, so I don't think Wise ought to have had any further cause for concern. I'm therefore satisfied that a written scam warning, specific to the types of payment Mr O said he was making, was a proportionate way for Wise to intervene.

Wise says that when Mr O gave the payment instructions for payments two to five it initially showed him a general warning to "Protect yourself from scams". Following this Wise then showed Mr O a series of scam-specific warning screens, tailored to the payment type he'd selected of "Paying for goods or services". Wise hasn't provided copies of those warning

screens, but I've previously seen them and I'm aware they ask specific questions related to purchasing from websites, and they encourage the customer to check independent reviews before making online purchases. If Mr O had given any answers at that point which gave Wise cause for concern, he'd have seen a warnings screen showing "Stop – this sounds like a scam" and he'd have been given the option to proceed or cancel the payments. I'm not sure how Mr O answered the questions but that's not relevant in this case as they wouldn't have related to the investment Mr O believed he was making. And in any case, Mr O chose to proceed with the payments on all five occasions.

It's important to note at this point that the list of possible transfer purposes also included the option of "Making an investment". Mr O has made it clear that he was contacted by someone he believed to be an investment broker, and he believed he was investing in cryptocurrency, so I think he should've chosen that option. Had Mr O done this, he'd have seen a similar series of scam warning screens tailored to making investments, as opposed to relating to paying for goods or services.

Wise has provided examples of the investment warning screens that Mr O would've seen if he'd selected this option and they ask two questions; "Did someone reach out to you unexpectedly about this investment?" and "Does the investment sound too good to be true?". Had Mr O answered "Yes" to the first question, which appears to be the correct answer in this case, he'd have again seen the message "Stop – this sounds like a scam" and his losses could've been prevented. But as Mr O didn't select an accurate reason for the payment he was making from the outset, and therefore didn't see the correct warning screens, I can't hold Wise responsible for that.

I note Mr O's representative believes a more robust intervention would've been appropriate in this case. But it's not practical to expect Wise – or any other business – to intervene more robustly, such as by making human contact, on all payments, especially where the business deems that based on its knowledge, the risk presented isn't sufficiently great. And in this specific case, I agree with the action Wise took.

As Mr O didn't give Wise a fair opportunity to intervene in the payments he made as part of this scam, I'm afraid I can't hold Wise responsible for the losses he's unfortunately made. The level of intervention from Wise was appropriate to the circumstances, however its attempts were unsuccessful as they were reliant on being given the correct information about the payments.

Recovery of the funds

Wise says that by the time it was made aware of the scam – around six months after it happened – the recipients' accounts had been closed and all funds withdrawn, so it wasn't able to recover anything to return to Mr O.

I'm very sorry that Mr O 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 O's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 15 November 2024.

Sam Wade

Ombudsman

