

The complaint

Mr B has complained that Wise Payments Limited (“Wise”) failed to protect him from falling victim to an investment-related scam.

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

Mr B has explained that around May 2024 he was introduced to an investment opportunity in an online advertisement. He’s described the advert as particularly convincing as the investment appeared to be endorsed by two well-known celebrities. Mr B expressed an interest and he was then contacted by an individual (“the scammer”) claiming to be an account manager. He was given access to an investment platform, which the scammer explained to him, and he was told he’d invest by exchanging pounds for cryptocurrency, which he’d then forward on to the scammer, allegedly to fund his investment.

Mr B says he was given access to his investment trading account and he could see the credits he made to his account and the performance of the investment. He says the scammer appeared very professional, as did the investment platform, so he was convinced that it was a legitimate company and investment.

The payments Mr B made as part of the scam were as follows:

Date	Amount
21/05/2024	€1,000
22/05/2024	€9,100
23/05/2024	€19,000
Total	€29,100

Mr B says he realised he’d been scammed when he received several requests to pay fees, which he refused to pay.

Mr B made a complaint to Wise in which he said it failed to identify the fact that the payments were out of line in comparison with his normal banking habits. He said that he should’ve been made aware of the associated risks using probing and effective questions, and had it done so, the scam could’ve been avoided. Wise didn’t uphold Mr B’s complaint. In its response it said it had asked Mr B for the purpose of the final two payments and he’d told it they were for the “purchase of goods and services” and “something else”. Wise says at that point it warned Mr B that it might not be able to recover the funds in the case of fraud.

Mr B remained unhappy so he referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained that Mr B hadn't given Wise accurate information when it asked for the reasons for the payments, so it wasn't able to show accurate warnings. She also noted that Mr B's other banks had also given him warnings in relation to the same scam, and Mr B hadn't been honest with those banks when they'd questioned him. So she didn't think Mr B would've given Wise honest answers if it had intervened further and asked him for further details surrounding the payments he was making.

As Mr B 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 B 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 B authorised these payments from leaving his account. It's accepted by all parties that Mr B 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 B'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.

I've reviewed the activity on Mr B's Wise account in the months preceding the scam and whilst he used the account fairly regularly, it's fair to say that the payment values involved in the scam are out-of-character. The largest payment Mr B had made in the six months prior to the scam had a value of just under €135 and most of the other transactions are a lot smaller than this. With this in mind I think Wise needed to intervene before the second and third payments were made – and as a minimum I'd have expected it to provide a written warning, tailored to the specific reason of the payment given by Mr B for the second payment, and to have gone even further for the third payment.

Wise says it showed Mr B tailored written warnings for the final two payments. It's provided evidence of two series of warning screens, in which it asked questions about the payments and gave specific advice related to the chosen payment purpose, and urged him to take certain precautions, again related to the reason the payment was being made.

Although I note the warning screens Mr B was shown weren't particularly relevant to the reason he was making the payments, and so they probably didn't resonate with him, I don't think that's because of something Wise did wrong. Mr B was initially presented with a list of payment purposes to choose from – and one of those was "making an investment" – which Mr B has been clear that he was doing from the outset. Mr B didn't select that option, but instead selected "Something else" and "Paying for goods or services" so the warnings he was shown weren't applicable to investment scams.

I think Wise should've done more than show an on-screen warning – no matter how specific – for the third payment. I say this because the payment was for a large amount, and was the

third payment in as many days, in a pattern of increasing value. But I've also considered whether that would've made a difference and prevented the payment from being made.

Having carefully considered all of the information I've got about the scam scenario Mr B found himself in, I'm not persuaded that any further intervention by Wise would've broken the spell and prevented the payment from being made.

I say this because I've reviewed the other complaints Mr B has raised, about other banks, which he also used to make payments into this scam from. Those banks provided effective warnings and as our investigator explained, one of the banks read out an example of a scam which was almost identical to this one, with accurate examples of what Mr B says convinced him the investment was legitimate, in order to bring the potential risks to life for Mr B. Mr B wasn't truthful with the questions that bank asked, and so even if Wise had gone further and used a human intervention, in which it asked probing questions about the circumstances, I think it's unlikely this would've been successful as I've got no reason to suggest Mr B would've given different or more accurate answers.

I'm also mindful that the payee details Mr B sent the payments to weren't an identifiable cryptocurrency platform, which is what he's explained he believed the investment to be. Mr B says the scammer told him to send the funds to his "legal director" as Wise doesn't support cryptocurrency transactions – to prevent them from being blocked by Wise. The payments were sent to an individual, and for this reason Wise wouldn't have had as much cause to be suspicious of them, nor would I have expected it to know about the scam that was taking place. Wise deliberately blocks cryptocurrency transactions due to the increased risk of fraud related to them, so I don't hold it responsible for Mr B taking the scammer's advice to circumvent those systems in order to still make the payments.

With all of this in mind, whilst I know Mr B has lost a lot of money and he's indeed the victim here, I can't say Wise has acted unfairly, nor that it caused the detriment that Mr B experienced.

Recovery of the funds

I've seen that Wise contacted the recipient bank once it had been made aware of the scam, in an attempt to recover any funds that remained. But it was told that no funds remained, which isn't surprising as funds obtained fraudulently in this way are often withdrawn very quickly, in hours if not sooner. Whilst this is unfortunate, there's nothing more I'd have expected Wise to do here.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 December 2024.

Sam Wade
Ombudsman