

The complaint

Mr M has complained that Wise Payments Limited (“Wise”) didn’t protect him from falling victim to a cryptocurrency-related investment 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 M explains that he fell victim to a cryptocurrency-related scam whereby he used his Wise account to buy and sell cryptocurrency, and Wise didn’t intervene to do any fraud or scam prevention checks. He says this has resulted in him losing around £40,000.

Mr M was introduced to the alleged cryptocurrency investment platform by an individual (“the scammer”) who contacted him through a messaging application. He says he was shown screen shots of fake returns that other people were making from the investment, and he also heard from other alleged investors who shared stories of their success with him.

Mr M opened his Wise account on the advice of the scammer, and used the account to make electronic transfers which he believed were funding his investment account. Mr M was given access to a platform where he could see the deposits he was making, as well as how his investments were performing.

The payments Mr M made as part of this scam were as follows:

	Date	Amount (£)
1	07/09/2023	1,300
2	07/09/2023	1,300
3	07/09/2023	1,300
4	08/09/2023	4,700
5	11/09/2023	5,000
6	11/09/2023	100
7	11/09/2023	401
8	13/09/2023	2,000
9	21/09/2023	6,200
10	21/09/2023	6,100
	Total	28,401

Mr M realised he’d been scammed when he was unable to withdraw the funds held in his investment account but was instead asked to make two large “verification” payments in order to do so.

Mr M made a complaint to Wise as he said Wise hadn’t protected him from the scam. Wise didn’t uphold the complaint, so Mr M referred it to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that Wise had asked Mr M for the purpose of some of the payments, but as Mr M hadn't answered Wise's questions accurately, Wise wasn't given the opportunity to show meaningful warnings or identify the potential scam.

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

Wise says that Mr M opened his account in May 2022 but didn't use it until the payments related with this scam, over a year later. And it says that as it isn't Mr M's main bank account provider, there was no reason for it to question the legitimacy of the payments in question as it didn't have any other activity to compare these transactions against, to decide whether they were out-of-character or not.

Before some of the payments were completed Wise asked Mr M to select the purpose of them from a list – those payments being the first, second, fourth, seventh and eighth. The reasons Mr M gave were a combination of "Sending money to yourself", "Sending money to friends and family", "Paying for goods and services" and "Paying a bill". Wise has provided a copy of the list of available options that Mr M could've selected and it also includes "Making an investment" and "Something else".

Wise says that once Mr M had selected a purpose for the payments, it then displayed a series of warning screens tailored specifically to the payment type being made, based on the answers Mr M gave. Wise has provided examples of those warnings and I note they highlight common scams associated with the payment types Mr M selected, and would've encouraged him to stop and reconsider the circumstances before making each payment.

Having considered the examples of the warning messages Wise has provided, I'm not holding Wise responsible for the losses Mr M has lost to this scam. Although I note the warnings Mr M would've seen weren't entirely relevant to the investment scam Mr M was falling victim to, that's because Mr M didn't give Wise the correct answers when he was asked why he was making the payments. Had he selected "Making an investment" as the purpose of the payments, this would've given Wise the chance to show more tailored and effective warnings, and also allowed Wise to understand the level of risk associated with the payments. As Wise wasn't given that opportunity, I can't hold it responsible for what Mr M has lost by making the payments despite the warnings Wise gave him.

I've carefully considered everything Mr M said in response to our investigator's opinion, including the point that "I was not provided with any tailored or meaningful warnings that would have alerted me to the possibility of being scammed, despite the unusual nature of my transactions". Whilst I agree the warnings Wise gave weren't particularly meaningful to Mr M, for the reasons I've explained, I'm satisfied that wasn't because of Wise's failure.

I've also noted that Mr M says Wise didn't block or stop any of the payments. But I wouldn't have expected Wise to do that. Interventions can take various different forms and should be proportionate to the risks involved in the payments, based on everything the business knows. I can't tell Wise how to determine the risks involved in specific payments or fraud triggers, but in this case, I think the way it intervened was proportionate to the circumstances. I do agree Wise needed to step in before the payments were made, but the tailored warnings went far enough to do that, and I don't think it needed to make human contact with Mr M.

Finally, I note that Wise didn't intervene in all of the payments Mr M made. Whilst I don't know the reason for this, I assume it's because Wise's systems didn't identify some payments as high-risk. But even if Wise hadn't intervened, I've not seen anything to make me think that Mr M would've answered Wise's questions differently and given more accurate reasons when asked about the purpose for the payments. So even if Wise had intervened in more of the payments, I think it's unlikely the intervention would've prevented what ultimately happened, because I think it's more likely than not that Mr M would've given inaccurate reasons for the payments, meaning the warnings would again have been unrelated to the investment scam.

I'm also mindful that it's somewhat unusual for an individual to contact people out of the blue and invite them to invest in cryptocurrency – without having previously communicated or without providing any documentation related to the proposed investment or alleged returns. So whilst I understand Mr M may've believed the scammer at the time, I don't think it's reasonable to accept unsolicited investment advice from an unknown individual, and to then hold the financial business responsible for the loss caused by that.

I've also seen that Mr M has complained that Wise failed to address his complaint in a meaningful way. Having considered Wise's final response letter, whilst I understand Mr M didn't agree with the outcome Wise reached, I don't agree it failed to address the complaint he raised. So this doesn't change my decision in this case.

Recovery of the funds

Wise says that as soon as it was made aware of the scam it attempted to recover the remaining funds from the receiving accounts. But funds obtained in fraudulent ways like this are generally withdrawn within hours of receipt, if not sooner. So Wise was unfortunately unable to recover anything Mr M unfortunately lost and there's nothing else I could've expected it to do to change that.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or

reject my decision before 14 November 2024.

Sam Wade
Ombudsman