

The complaint

Mr F has complained that Wise Payments Limited (“Wise”) failed to protect him from falling victim to an investment-related cryptocurrency 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 F has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr F, but I’d like to reassure Mr F and his representative that I’ve considered everything both parties have said.

Mr F has explained that in early 2022 he was aware of cryptocurrency’s growing popularity but unsure how to invest in it, so when he saw a professional-looking advertisement for a cryptocurrency investment, supposedly endorsed by a global technology company, he followed a link to learn more about it. Mr F says he was directed to a sophisticated website, which featured positive testimonials, detailed trading explanations, and 24/7 customer support. Mr F expressed an interest by registering his contact details.

He was soon contacted by an individual (“the scammer”) who introduced themselves as a as an investment broker for the company. The scammer presented himself as a knowledgeable and professional trader dedicated to helping beginners succeed. Amongst other things, he explained how the investment platform allowed investors to trade cryptocurrencies with expert guidance. Mr F says he was impressed by the broker’s detailed answers to his questions and was convinced of the company’s legitimacy.

Mr F made an initial £250 investment via an external bank account, to his own account at a cryptocurrency exchange platform. He was given access to a trading portal that displayed real-time market data, as well as the profit he was supposedly making. He says that the platform’s technical appearance and the broker’s constant updates reassured him that his investment was growing. Over several days, the broker urged Mr F to “capitalise on market conditions” by increasing his investment. As Mr F was seeing positive results he made additional payments to his cryptocurrency account, including £1,300 through Wise.

The broker then convinced Mr F to download remote computer access software, to help monitor his investments. As he wasn’t aware of the risks of this, Mr F complied and granted the broker full access to his computer. Meanwhile, the broker pressured Mr F to take out loans to increase his portfolio, assuring him that profits would easily cover repayments. Over time, Mr F secured loans totalling £144,000 from nine lenders and made payments of £117,392.32 through Wise, believing he was diversifying his investments and maximising returns.

The payments Mr F sent were as follows:

Date	Amount (£)
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21/02/2022	1,300
01/03/2022	50
01/03/2022	28,950
02/03/2022	21,000
03/03/2022	9,300
03/03/2022	19,200
04/03/2022	9,300
07/03/2022	23,082.32
09/03/2022	27,000
11/03/2022	20,000
15/03/2022	9,510
Total	168,692.32

When Mr F attempted to withdraw funds, the broker claimed a large withdrawal required anti-money laundering fees. As a result of the relationship and trust that had been built, Mr F paid these “fees,” only to face additional demands for liquidity payments. After exhausting his resources and realising he’d been misled, Mr F finally understood he had fallen victim to a sophisticated scam. By exploiting his trust, the broker used high pressure tactics, professional tools, and fake platforms to defraud him.

Mr F made a complaint to Wise. In his complaint he said that despite the significant sums involved, Wise only issued generic warnings and took no action to prevent the payments. He said that Wise should’ve considered it very unusual that his account was newly opened, and then shortly afterwards it received several high-value credits and made numerous payments of similar values, in quick succession. He said that Wise should’ve recognised the scam at the point of the third payment, and it should’ve blocked the payment and contacted him as it represented a stark change in the account activity up to that point. Wise partially upheld Mr F’s complaint and it offered to refund 25% of Mr F’s losses from the third payment onwards, plus interest.

Mr F 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 although she thought Wise should’ve intervened before some of the payments were made, she didn’t think any intervention would’ve made a difference. She thought this because another bank that Mr F holds an account with intervened as part of the payments he made from there as part of the scam, and Mr F misled it to ensure the payments were made. And the investigator didn’t have anything to suggest Mr F would’ve responded to Wise’s interventions any differently.

Mr F didn’t agree with the investigator’s opinion and suggested Wise pays him 33% of his losses to resolve the complaint. But Wise withdrew its initial offer, as it said it wasn’t previously aware that Mr F had misled the other bank.

As the complaint hasn’t been resolved it’s 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 F 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 F authorised these payments from leaving his account. It's accepted by all parties that Mr F 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 F'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 F's Wise account was opened in February 2022, in order to facilitate this scam. So Wise didn't have any account history to compare the scam-related activity with. But that in itself doesn't mean Wise didn't still have a responsibility to be on the lookout for risks of fraud, based on what it knew about how its customers' accounts were used more generally, and based on the well-known risks fraud and scam risks that exist.

With this in mind I agree with our investigator that Wise should've identified that Mr F might've been falling victim to a scam when he made the third payment. I say this because the payment had a significant value of £28,950, and it was being made to a cryptocurrency exchange. Although it was being made to Mr F's own account at the cryptocurrency exchange, Wise is well-aware that cryptocurrency-related scams often include this step, before the cryptocurrency is sent on to the scammer; so this doesn't persuade me that Wise could've been satisfied the payment was for a legitimate payment based on that alone. I'm also mindful that Mr F's Wise account was being funded by an external source and fully depleted very rapidly, which is another common pattern seen in scams.

Wise says it didn't issue any scam- or fraud-related warnings throughout the course of this scam. So I've gone on to think about what would've happened, had it done so.

I've carefully reviewed the chat transcripts that Mr F has provided between him and the scammer, and it's evident that Mr F was heavily coached into how to answer questions or handle objections by the bank when he attempted to make the payments. The scammer gave Mr F a cover story on how he uses Wise, and why, and Mr F followed instructions to "don't mention trading or anything" and Mr F suggested he'd tell the bank he was sending funds to clear his mortgage. The scammer also made it very clear that Mr F should "tell them you did it yourself an no one helps you" and that he shouldn't tell the bank that they'd used remote connection software, because "they might think I was on the online banking with you". He was also told "Don't be too much nice to them, they prefer your money in the bank."

Although I haven't seen evidence Mr F was indeed dishonest with his other bank, based on the conversation between Mr F and the scammer, I'm not persuaded an intervention by Wise would've been effective in this case. Mr F was clearly "under the spell" of the scammer, and his responses make it very clear he believed what he was being told, such as the fact that the bank may try to prevent him from making the payments as they want to keep his money, and that he should consequently insist that the payments were made. He indicated he intended to mislead the bank, and in fact went on to further clarify with the scammer how he should answer certain questions, if they were asked. This persuades me that the scam wouldn't have been uncovered as it's unlikely any warnings would've resonated with Mr F, nor that he'd have given truthful answers to what he may've been asked.

With this in mind, I'm not persuaded that any intervention by Wise – no matter how robust – would've been successful. Whilst I don't believe Wise met its obligations to protect Mr F from fraud, even if it had done so, I don't think it would've been able to uncover the scam and prevent the losses that he ultimately suffered.

I've seen that Mr F's representative disagreed with our investigator's view on the basis that Wise could've seen Mr F was in fact sending money to a cryptocurrency exchange, as opposed to paying his mortgage off. But I'm satisfied having considered Mr F's behaviour that although he might not have used exactly the same cover story if Wise had intervened, he'd still have shown the same determination to make the payments. And for this reason he'd more likely than not have given Wise inaccurate answers, or bypassed warnings, on the advice of the scammer.

I recognise it's disappointing that Wise has withdrawn its initial offer based on the information contained within our investigator's view. But as the view included information Wise wasn't previously aware of, which is relevant to the outcome of this complaint, I don't think Wise has acted unfairly by withdrawing its offer. So I don't require it to do anything to settle this complaint.

Recovery of the funds

Wise says that as soon as it was made aware that Mr F had fallen victim to this scam it attempted to recover the funds he'd sent from the recipient. The recovery attempt was however unsuccessful as the recipient bank confirmed no funds remained in the account. This is likely because the funds had been made available to Mr F in his account at the cryptocurrency exchange, and he'd exchanged them into cryptocurrency, which he'd forwarded on to the scammer. So there's nothing more I'd have expected Wise to do here.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 27 December 2024.

Sam Wade
Ombudsman