

## The complaint

Mr S complains that Wise Payments Limited didn't protect him when he says he was the victim of an investment scam.

Mr S is being supported in making his complaint by a representative, but for ease, I'll only refer to Mr S in this decision.

## What happened

In late December 2018 Mr S was made aware of an investment opportunity with a business I'll refer to here as 'H'. He was told that if he provided some capital to the company in the form of a 'loan' this would be used to trade with. He was provided with a loan agreement that said he would be paid interest of 2.5% per month in January and February 2019 and thereafter quarterly. The agreement said the loan was personally guaranteed by the Chief Executive Officer (CEO) of H because the money was backed by a stake in oil H had.

Mr S opened his Wise account in July 2018 but the account wasn't used until it was funded with around \$265,300 on 01 February 2019. Mr S then made the following payments to H;

Date	Type of payment	Amount
03 February 2019	International Faster Payment	\$50,000
04 February 2019	International Faster Payment	\$50,000
05 February 2019	International Faster Payment	\$50,000
	<b>Total Loss</b>	<b>\$150,000</b>

Between July 2019 and February 2021 Mr S received credits from H and its CEO totalling around \$58,552. Payments then stopped from H and the CEO, and communication then stopped around late 2021.

In May 2024 Mr S raised a claim with Wise saying that he had been scammed and to ask for his money back. Wise considered the claim but said it hadn't done anything wrong so it wouldn't offer Mr S a refund. Mr S was unhappy with that response, so he brought his complaint to the Financial Ombudsman.

Our Investigator didn't think the complaint should be upheld. She said she wasn't convinced that Mr S had fallen victim to a scam. But even if this was a scam, she wasn't satisfied that Wise could've reasonably uncovered that at the time of the payments. She said that if Wise had stopped one of the payments and provided some generic scam warnings this would unlikely have made a difference here and prevented Mr S's loss.

Mr S disagreed and asked for an Ombudsman's review. He said there was sufficient evidence that he had been scammed by H as the payments he made hadn't been used for their intended purpose. He added that he was also not the only victim of H and has provided information that shows H being investigated by courts abroad for defrauding other investors of millions of dollars.

Mr S added that if Wise had intervened in the payments he made here, then the scam would've been uncovered. He said that if Wise had told him to check the Financial Conduct Authority's (FCAs) website and the equivalent regulator where the investment opportunity was founded, it would've been noted that this wasn't regulated and therefore is an obvious scam. Mr S said that H had very little internet presence at the time, with payments going to a personal account and with promises of very high returns which were red flags.

### **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.

Having done so, I've decided not to uphold it. I know this is not the answer Mr S was hoping for and so this will come as a disappointment. I'm really sorry to hear about the situation he's found himself in, and I can understand why he'd want to do all he can to recover the money he lost. But I need to decide whether Wise can fairly and reasonably be held responsible for Mr S's loss. Overall, I've decided that it can't be. I'll explain why.

But first, I would like to say that I have considered this case on its own merits and have summarised it in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. It's simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Wise could've prevented Mr S's loss.

Our Investigator wasn't persuaded Mr S had been scammed here. I've reviewed the information that Mr S has provided showing the investigations into H's dealings abroad as well as further evidence that the money that was 'invested' by Mr S wasn't used for the purpose he was told. Whether Mr S was the victim of a scam, or a failed investment, is a difficult point to resolve conclusively – particularly given the passing of time here. But for the purpose of this decision, I don't need to make a finding on that point. Instead, I'm focusing on whether any action by Wise could've prevented Mr S's loss based on the information available at the time he made the payments.

It isn't in dispute that Mr S authorised these transactions. And so, under the relevant regulations – the Payment Services Regulations 2017 – Mr S is responsible for the loss in the first instance.

However, taking into account the law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which payment service providers are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

As I've set out above, Wise had obligations to be on the lookout for out of character and unusual transactions, but the question I need to consider is whether there were grounds for it to suspect fraud.

Although this account had been opened the year before Mr S made the scam payments, there was no account activity for Wise to compare his payments to. The account was funded by two transactions on 01 February 2019 that took the balance of the account to over \$265,300. There's no question that the payment amounts were a substantial amount of money for Mr S. But the amount of money Mr S sent, whilst not insignificant, did not in and of itself suggest any heightened risk of fraud to Wise at the time the first payment was made. And because there were no previous payments on the account any payment Mr S made in February 2019 would've been to a new payee. And I can't see that Wise knew anything about the recipient of the funds that ought to have given it cause for concern as the account wasn't held by Wise.

So, I don't think the first payment would've been deemed unusual for Mr S's account in all the circumstances. By the time he made the second payment a day later, I'd have expected Wise to have stopped it and asked Mr S why he was making it. But even if Wise had stopped the second payment, I don't think it would've uncovered the scam. I'll explain why below.

To reiterate, Wise's primary obligation was to carry out Mr S's instruction without delay. It wasn't to concern itself with the wisdom or risks of his payment decision.

In particular, Wise didn't have any specific obligation to step in when it received a payment instruction to protect its customers from potentially risky investments. The investment in H wasn't an investment Wise was recommending or even endorsing.

I note Mr S has mentioned the fact that the investment wasn't regulated and if he had been warned about this by Wise this would've made a difference. But I've not seen any evidence to suggest Mr S ever doubted the legitimacy of the investment given his son's involvement, or that he had been misled into thinking this was regulated. I appreciate Mr S has said Wise pointing out this was unregulated would've made a difference to him. But I think he is saying that with the benefit of hindsight. So, I don't think a warning about checking either the FCA's website or the regulator in the country where the investment was taking place would've made a difference to his decision to invest. And just because it isn't regulated doesn't mean it's a scam.

That's because H was a genuine company and there was no negative information about H in the public domain until a few years after Mr S made the payments. Having carefully reviewed all the material Mr S has provided about H, it appears that allegations that H was operating as a scam *only* came to light after returns were stopped to him and his son. As such, this correspondence or information couldn't have been accessed by either Wise or Mr S at the time the payments were made.

Mr S has mentioned that the returns were too high which would've been a red flag to Wise, but the high returns isn't proof in and of itself that this was a scam. I think it's also likely Mr S would've been persuaded by the fact he had a document from H confirming the terms of the investment by way of a loan agreement, which appeared genuine. And whilst it isn't disputed that the investment in H was high risk – I think given his son and other people were also investing, this suggests that Mr S was assured with his decision to 'invest' such a large sum.

I've thought about how Mr S came to be aware of the investment. I've not been provided with any messages that pre-date the payments that Mr S made. He's told this service that most of the conversations took place over the phone. But from the messages I've seen, it looks like

much of the correspondence with those involved with H went through Mr S's son after the payments were made and his son's loan agreement and investment pre-dates that of Mr S's.

In summary, I've considered everything submitted and the arguments made, but while there may now be concerns about the legitimacy of H, everything I've seen indicates that those concerns only began to surface in the public domain a few years after Mr S's payments. And there would've been nothing obviously concerning about H at the time other than this was a higher risk investment.

Given this, I don't think, on balance, that any intervention or warning from Wise about H would've likely resonated with Mr S or given him any cause for concern. And any concerns that might've been raised with Mr S about H would've likely, in my opinion, have been allayed by his son.

All things considered; I don't think it would've been readily apparent in February 2019 that H might be fraudulent rather than a higher risk investment. I simply don't think Wise could readily have uncovered enough information – especially through proportionate enquiry in response to a payment - that would've led to significant doubts about the legitimacy of H at that point in time. Neither do I think Mr S could've uncovered such information at the time – he wasn't at fault here.

To recap, I can only reasonably expect any intervention or enquiries made by Wise to have been proportionate to the perceived level of risk of H being fraudulent. I don't think that a proportionate enquiry in February 2019 would've led to either Wise or Mr S considering H being an illegitimate investment. With that in mind, and all considered, I'm not persuaded that Wise was at fault for carrying out the relevant payment instructions, or for not preventing Mr S from making his payments.

After the payments were made, I can't fairly expect Wise to have done anything further until Mr S notified it of the scam in 2024. Wise raised an attempt to recover the funds but couldn't get a response. Unfortunately, the chance of recovering funds which are sent internationally is very low and, in my experience, often reliant on the consent of the beneficiary account holder. And due to the time that passed between the payments being made and the issue being raised with Wise, it's unlikely that any of Mr S's funds remained in the account in 2024.

Mr S has described the impact this scam has had on his life, and I don't underestimate how hard things have been for him as a result. This is a lot of money for anyone to lose so I do understand why he wants to do all that he can to try and recover it. But I can only fairly ask Wise to refund him if it is responsible for his loss. I'm sorry to have to disappoint Mr S, but I can't hold Wise responsible when I don't think it reasonably ought to have prevented the payments from being made. In addition, I've not seen anything to show that quicker action by Wise would have led to it recovering or otherwise reimbursing the loss.

I have a great deal of sympathy for Mr S and the loss he's suffered. But it would only be fair for me to direct Wise to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. And so, I'm not going to tell it to do anything further.

### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 8 July 2025.

Mark Dobson  
**Ombudsman**