

The complaint

Mrs C has complained that Wise Payments Limited (“Wise”) failed to protect her 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.

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

I recognise Mrs C has made complaints about different financial businesses in connection to the same scam. In this decision I’ll only comment on the allegations against Wise. We’ve addressed Mrs C’s concerns about the other business separately.

Mrs C says that before this scam took place she’d been exploring investment opportunities online and had attempted to invest in cryptocurrency. But she found the process confusing and overwhelming due to her lack of experience, so she decided not to continue on her own.

Around June 2022 Mrs C says she received an unsolicited phone call from someone (“the scammer”) claiming to represent an alleged investment company. The caller described an investment opportunity and assured her that they could handle the process for her, providing ongoing support. Mrs C says that as she felt reassured by the scammer she agreed to start with a small initial investment of £250.

Mrs C explains that she conducted some research on the investment company before proceeding. She says she found positive reviews online and received additional information from the caller, including apparent client success stories. She recalls that the company appeared to have a UK address, and the caller used a UK phone number, which made the opportunity seem legitimate.

Shortly after, Mrs C says she was contacted by someone else who introduced themselves as an Accounting Manager for the company. She was guided through setting up an account on what she describes as a professional-looking online platform. According to Mrs C, the platform featured live trading graphs and other tools that made it seem authentic. She also provided a copy of her driving license as part of a verification process, which further reassured her.

Over the next few weeks, Mrs C says she stayed in regular contact with representatives from the company, who provided updates on her investments and claimed she was earning significant profits. She says she was encouraged to make further payments to increase her returns, and she made several additional investments via her Wise account, amounting to thousands of pounds. In order to fund the payments Mrs C transferred the funds from her high street bank account to Wise, and then forwarded them on to the scammers.

The payments Mrs C made as part of the scam were as follows:

Date	Amount (£)
14/07/2022	1,750
09/08/2022	2,500
15/08/2022	1,280
15/08/2022	1,280
15/08/2022	1,793
Total	8,603

When Mrs C attempted to withdraw her funds she says she was told she needed to pay fees to release them. She describes making several payments in response to these demands, but the representatives continued to ask for more. Eventually, Mrs C says the company's website disappeared, and all contact with the company stopped. At this point, she realised she'd been scammed and was unable to recover her funds.

Mrs C made a complaint to Wise in which she said she was surprised that it failed to detect the scam, which has all the hallmarks of a well-known scam. She says that as Wise failed to identify the scam, it missed several opportunities to intervene and stop it from taking place, apart from by showing some generalised warnings in its mobile app. She requested that Wise refund her losses, as well as paying her £300 compensation. Wise didn't uphold Mrs C's complaint. In its response it said Mrs C was responsible for verifying the legitimacy of the recipients she was paying, and the losses she'd experienced were beyond its control.

Mrs C remained unhappy so she referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained she didn't think the payments showed the obvious signs of a scam, so she didn't think it was wrong for Wise to process them in line with Mrs C's instructions, without intervening first. She noted the payments were spaced out across a month, and were also sent to different payees.

As Mrs C 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 Mrs C but having considered everything I'm afraid I'm not upholding her 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 Mrs C authorised these payments from leaving her account. It's accepted by all parties that Mrs C gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with the terms and conditions of Mrs C'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.

It appears that Mrs C's Wise account was opened to facilitate this scam. So Wise didn't have any account history for Mrs C at the time it took place, meaning it didn't have any activity patterns to compare her account usage with. But that in itself doesn't excuse Wise from its duty of monitoring its customers' accounts for signs of fraud. So I'd still expect Wise to be on the lookout for any signs that its customers are at risk of financial harm, based on the broader information it has about scams, and about how customers use their accounts in general.

I've considered everything I know about Mrs C's complaint and although I know this'll be disappointing to Mrs C, I don't think Wise ought to have spotted that she was being scammed, and prevented that from happening.

I note firstly that although Mrs C has referred to investments in cryptocurrency, which are well-known to be linked to scams, the payments she made were to four different individuals, as opposed to being identifiably sent to cryptocurrency platforms. So I don't think Wise would've been on alert from that point of view.

The values of the payments Mrs C made were also fairly modest, when considered in the context of all of the payments that Wise handles. I do understand that their cumulative value is significant to Mrs C, but it's for Wise to balance its duty to protect customers whilst ensuring it's not inconveniencing them by unnecessarily disrupting the journeys of payments they're trying to make. The size of these payments, and the fact they weren't sent in rapid succession, isn't typical of a scam so I also don't think Wise ought to have been alerted to the scam based on this.

I'm mindful that Mrs C sent three payments on 15 August 2022 – which I agree could look more suspicious than the pattern of activity seen in the first three payments. But even so, the total value of payments that day was still below what I'd consider to be acceptable for Wise to process without intervention. In addition, the fact the payments were sent to two different recipients also supports the illusion that the payments were legitimate and not in fact linked to a scam.

I've considered whether there were any other factors that should've put Wise on alert that Mrs C might've been the victim of a scam, such as whether the payments tallied up with the stated purpose of the account, any known risks of the beneficiary accounts, or whether Wise knew about any vulnerabilities that might've made Mrs C more susceptible to falling victim to a scam. But there's nothing that makes me think Wise ought to have intervened or taken action before the payments were made. Wise has provided evidence that all of the recipients' accounts were verified in line with its responsibilities, and it has confirmed Mrs C didn't provide an account opening purpose, nor am I aware of any vulnerabilities she'd told it about.

Recovery of the funds

Mrs C reported the scam to Wise over a year and a half after it took place. Wise said at that point that there were no funds remaining in the recipients' accounts, so it wasn't able to recover anything that Mrs C had lost.

Funds obtained as part of scams are often withdrawn very quickly, in hours if not sooner, and unfortunately it seems that's what happened here. All of the scammers' accounts were

held with Wise so it was able to quickly ascertain this, and there's nothing more I'd have expected it to do.

I'm very sorry that Mrs C 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 Mrs C's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 30 December 2024.

Sam Wade
Ombudsman