

## The complaint

Mr P complains that Wise Payments Limited won't refund the money he lost in an investment scam.

## What happened

The background to this complaint is well-known to both parties, so I have summarised what I consider to be the main points.

Mr P saw advertisements for an investment that appeared to be endorsed by celebrities. He was interested, made further enquiries and he was contacted and persuaded to invest. Mr P downloaded remote access software at the suggestion of the scammers, so they could show him how to set up an account and make investments, although I understand he made all the payments himself.

Mr P made four payments to his account before he realised he had been the victim of fraud.

Date	Amount	Payment type
11 April 2024	£2,965.23	Transfer
15 April 2024	£1,785.00	Transfer
22 April 2024	£5,000.00	Transfer
25 April 2024	£1,004.11	Transfer

Wise paused the first payment and sent Mr P a message asking what the purpose of the payment was. Mr P replied that he was paying for goods and services and told Wise he was paying an invoice for IT and consultancy services he had received. Wise provided risk warnings based on that response and released the payment.

Wise asked for the payment purpose on each of the subsequent transactions and provided written warnings based on Mr P's answer, which was "paying for goods and services" on each occasion.

Mr P realised this was a scam when he attempted to make withdrawals but was unable to do so. He reported the fraud to Wise, but it wouldn't refund his money.

Mr P says Wise didn't do enough to prevent the fraud. He says Wise missed opportunities to recognise that this was a scam. The transactions were unusual for his account, amounting to over £10,000 in 14 days, paid in foreign currency and sent to a new, overseas payee. The warnings he received were not tailored to his specific circumstances and he selected what he considered to be the most appropriate responses.

Wise says the account was opened in 2018 and Mr P wasn't required to provide a reason for opening the account at that time. It says Mr P used the account several times over the years and made similar value transactions. It asked Mr P a series of questions in relation to the payments and provided appropriate risk warnings, tailored to Mr P's responses. Mr P's responses were not accurate and this meant the risk warnings provided were not as relevant to his situation as they would have been if he had provided more accurate responses.

In relation to the first transaction, Wise says it paused the payment and carried out a manual risk review. It asked Mr P the payment purpose and was told by Mr P that he was paying for goods and services. More specifically, he told Wise he had received an invoice for IT consultancy services and he was paying that invoice. On that basis, it released the payment. Our investigator didn't uphold Mr P's complaint. He thought the first payment was sufficiently unusual that Wise ought to have intervened, but he thought Wise had intervened appropriately. Wise paused the payment, asked about the payment purpose and released the payment when Mr P said he was paying for IT services he had received.

For subsequent payments, Mr P was also asked the purpose of the payments and selected that he was paying for goods and services. Mr P was provided with warnings based on those answers. The investigator considered Wise's actions were reasonable and proportionate.

Mr P didn't agree with the investigator and so the complaint has been passed to me for an ombudsman's 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.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in April 2024 that Wise should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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 firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Wise sometimes does including in relation to card payments);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Having considered everything, I'm not persuaded that Mr P's complaint should be upheld.

Wise intervened on the first payment, which Mr P seems to have attempted on 10 April 2024. Wise paused the transaction and asked Mr P further questions. It asked him for the

payment purpose and gave a number of options to select, to which he answered that he was “paying for goods and services”. There was also an option to select “investing”. Wise asked if he was buying from a popular site and whether he had read reviews about the seller. These were reasonable questions based on the payment purpose selected. In my experience, if Mr P had selected “investing”, the questions Wise would have asked would have been more relevant to that answer.

Wise then emailed Mr P and asked why he was making the transfer, what it was for and his relationship to the payee. Mr P told Wise that he was making the payment for IT Consulting Services that he had received and for which he had been invoiced and that he was a client of the payee. On that basis, Wise released the payment on 11 April 2024.

I do note that the payee account was associated with a platform that traded cryptocurrency. But I’m not persuaded Wise was aware of that or ought reasonably to have been aware of that. I say this because the platform was a small, less well-known, overseas provider.

Overall, I consider Wise intervened in a proportionate way, asking relevant questions and obtaining answers that meant it was reasonable for it to release the payment. I consider Wise was entitled to accept Mr P’s answer that he was paying for services he had actually received.

I accept Mr P’s comment that he didn’t try to mislead Wise with his answer. It appears he did receive invoices from the scammers for IT Consultancy services and that appears to have been part of the service they were providing – for example they did help him set up his accounts. I consider it likely that the scammers deliberately issued an invoice for IT services, without mentioning anything relating to investment, knowing that this was likely to influence how Mr P responded to any questions he was asked by Wise. Mr P appears to have been the victim of a sophisticated scam designed to avoid detection.

But I don’t consider Wise was at fault here either. Based on what Mr P told it, it would have had little reason to continue to block the payment. And I don’t consider the questions Wise asked were inappropriate – they appear to have been reasonable and proportionate based on the information Mr P gave it.

I wouldn’t necessarily have expected Wise to intervene on the transaction that took place on 15 April 2024. It was relatively low value and to an existing payee. But Wise sent a similar warning for that transaction and received a similar response, that Mr P was paying for goods and services. It asked questions based on the selected payment purpose and that appears reasonable to me.

For the payment on 22 April, given the size of the transaction, I consider an intervention from Wise was warranted. As mentioned, I don’t consider it would have been apparent to Wise that this payment was being made to a payee associated with cryptocurrency as the payment was to a less well-known, overseas provider. Wise sent a similar warning to its earlier ones, asking the payment purpose and sending further, questions based on that payment purpose. Overall, I consider that was reasonable and proportionate.

For the final payment, Wise intervened again. It sent a similar warning and once again asked for the payment purpose but also asked Mr P to send evidence to satisfy Wise that it was him attempting to make the payment. Overall, I find this was reasonable and proportionate based on the risk the transaction presented.

I do consider that on each occasion Wise intervened, the chances of it discovering the fraud were reduced because it wasn’t made aware the transactions were being made as part of an investment. While I understand that Mr P was trying to answer honestly, I’m not persuaded I

can reasonably hold Wise responsible for that since it asked for the payment purpose and listed “investment” as an option on each occasion.

### **My final decision**

I don’t uphold Mr P’s complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 21 May 2025.

Greg Barham  
**Ombudsman**