

The complaint

Mr M is being represented by solicitors. He's complaining about Wise Payments Limited because it declined to refund money he lost as a result of fraud.

What happened

Sadly, in 2023, Mr M fell victim to an investment scam. After befriending someone who contacted him out of the blue, he was introduced to a fake investment company and persuaded to purchase cryptocurrency to fund a series of payments to the scheme. To facilitate these payments, the scammer instructed Mr M to open an account with Wise from which he went on to make the following payments to the scam:

No.	Date	Amount £	Warning?
1	12 Oct	120	Yes
2	16 Oct	200	Yes
3	17 Oct	1,800	No
4	17 Oct	1,000	No
5	20 Oct	1,000	Yes
6	24 Oct	1,000	No
7	25 Oct	1,000	Yes
8	2 Nov	1,700	No
9	2 Nov	1,700	Yes
10	3 Nov	1,600	No
11	21 Nov	1,700	Yes
12	21 Nov	1,700	Yes
13	21 Nov	1,600	Yes
14	27 Nov	5,000	Yes

The payments all went to other Wise accounts held by a series of individuals rather than to known cryptocurrency exchanges. Account statements also appear to show Mr M received a return of £133.32 from the scam on 14 October 2023.

Mr M says he realised this was a scam when he tried to withdraw funds in February 2024 and was told he'd have to pay a fee. Wise says it was first told of the scam when he complained in April 2024.

Our investigator didn't recommend the complaint be upheld. He didn't think Wise should have viewed most of the payments with any particular suspicion. And he noted that when it did ask Mr M about the purpose of the payments he was making, he provided inaccurate answers meaning the warnings Wise did showed didn't relate to the type of scam that was taking place.

Mr M didn't accept the investigator's assessment. His representative argued that the frequency and value of payments was more consistent with fraud than payments to friends and family. On this basis, further intervention was warranted and this would have stopped the scam.

The complaint has now been referred to me for review.

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 reached the same overall conclusions as the investigator. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr M authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr M.

The payments

One of the key features of a Wise account is that it facilitates payments that often involve large amounts and sometimes to overseas accounts. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

I must take into account that many similar payment instructions received by Wise will be entirely legitimate. I think it's also relevant to note that Wise didn't necessarily know Mr M was purchasing cryptocurrency. The payments appear to have been peer-to-peer purchases, meaning the money was transferred to individual accounts rather than known cryptocurrency exchanges.

This notwithstanding, Mr M did make a high volume of payments soon after opening the account and I think some kind of intervention before many of them were debited from his account was warranted. Wise doesn't seem to be disputing this and did intervene in nine of the 14 payments by asking Mr M what they were for before processing his instruction. It then went on to show tailored warnings relating to the purpose Mr M had selected.

Although Mr M lost a large amount of money overall, all but the last payment were relatively low in value and they were spaced out over a period of more than six weeks. Having thought carefully about the risks these payments presented, I think the type of intervention carried out by Wise was broadly a proportionate response and I can't say it was at fault for processing the payments in accordance with Mr M's instructions.

It's clearly unfortunate the warnings shown by Wise weren't successful in stopping the scam. But I believe this was down to the answers Mr M gave rather than any inadequacy in Wise's intervention or the warnings provided. Rather than selecting that he was "*making an investment*" when confirming the purpose of the payments, Mr M consistently answered that he was "*sending money to friends and family*". If he'd correctly said that he was making an investment, Wise would have shown a different set of warnings that may have resonated with him. But the answers he consistently gave meant Wise was denied that opportunity.

Mr M's representative has confirmed that he answered the question in this way because this is what he was told to do by the scammers. And this appears to borne out by the extracts from Mr M's online chats where he was told not to say he was investing if asked and to say he was paying a relative instead. It's clearly unfortunate that Mr M was manipulated in this way, but I can't reasonably hold Wise responsible for what happened in these circumstances.

Even if I were to conclude Wise's interventions should have gone further, I don't think it's clear this would have been successful in stopping the scam. Mr M's representative has given a detailed explanation of why he believed he was making a genuine investment and the extent of the trust he had in the people he was dealing with. The evidence indicates he was very much under the spell of the scammers, to the extent that he was prepared to provide inaccurate information about what the payments were for when asked. I can't say with any degree of certainty that he'd have been any more accurate with his answers if he'd been contacted by phone for example.

I want to be clear that it's not my intention to suggest Mr M is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Wise could or should have done more to try and recover Mr M's losses once it was aware that the payments were the result of fraud.

I understand Mr M first notified Wise of the fraud in April 2024, several months after the last of the payments was made. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Wise could have done differently would likely to have led to those payments being recovered successfully after this period of time.

In conclusion

I recognise Mr M has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 23 April 2025.

James Biles
Ombudsman