

The complaint

Mrs K complains that Wise Payments Limited (Wise) won't reimburse her for payments she made to a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In October 2023 Mrs K enquired about an investment opportunity and was subsequently contacted by someone she believed was a regulated broker working for the investment platform, but who was actually a scammer. Mrs K was persuaded to open an account with the trading platform, set up various cryptocurrency ('crypto') wallets, open an account with Wise and deposit funds from that account to crypto wallets and on to the scammers. Mrs K was told that to withdraw profits she would need to pay various fees. To facilitate those payments, she was given account details of contacts who would convert money into crypto currency and pass it to her crypto wallet so that Mrs K could pay the relevant bodies. Between 5 January 2024 and 23 February 2024, Mrs K made numerous debit card payments from her Wise account to crypto wallets. She also authorised money transfers to different accounts where the money was exchanged for crypto currency.

Mrs K eventually realised that the payments she had been making were to a scam. She complained to Wise. She felt they should have provided better interventions and have educated her about the potential for a scam and that if they had, she wouldn't have lost the money she did.

Wise didn't think they were responsible for the loss, so Mrs K referred her complaint to us and our investigator provided her opinion. The investigator thought Wise could have done more to alert Mrs K to the scam but wasn't persuaded that it would have made any difference. She thought Mrs K would have been likely to ignore the warnings and she didn't think it would be reasonable to ask Wise to refund any of the money Mrs K had lost.

Mrs K didn't agree with the investigator's view; she asked for a decision by an ombudsman.

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 was very sorry to read that Mrs K lost such a significant amount of money to such a cruel scam. But, having carefully considered the evidence I've reached the same answer as the investigator and for broadly the same reasons. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient

points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Mrs K is responsible for any payments made from her account which are properly authorised, as they were here. And Wise has a duty to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Wise ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

Wise should also have been aware of the increase in cryptocurrency scams that its customers might become victim to, including multi-stage fraud which involves money passing through more than one account under the consumer's control before being sent to a fraudster. Scams involving cryptocurrency have increased over time. The Financial Conduct Authority's (FCA) and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since.

I think Wise would have been aware that fraudsters use genuine firms offering cryptocurrency as a way of defrauding customers and that these scams often involve money passing through more than one account. So, Wise should have been alert to whether these payments were part of a wider scam.

The fact that the money used to fund the scam wasn't lost at the point it was transferred to Mrs K's own account does not alter the fact that I think Wise could fairly be held responsible for Mrs K's loss in such circumstances.

The FCA's Consumer Duty came into force on 31 July 2023 before these payments were made, and it puts an obligation on firms to avoid foreseeable harm to customers.

Where there is a failure by a firm to properly intervene and protect a customer, it might then be fair and reasonable to say that the firm becomes responsible for the customer's loss. And so, in Mrs K's case, it's for me to determine if Wise made an error(s) over the course of the scam and, if so, whether it's fair and reasonable for it to be held responsible for Mrs K's losses as a result.

Even if I were to make a finding that Wise should have taken further steps when Mrs K attempted to make some of the payments she made, I'm not persuaded that it would have prevented her from going ahead. This is because I can see that she was being coached heavily on what to say and, more importantly, what not to say if questioned about the

payments. In February 2024 Mrs K reported the scam to Wise but a few days later she withdrew that dispute. She explained:

'I have made mistake because I have been waiting for the transfer of my investment since the beginning of January and kind of lost hope this will ever happen. I'm sorry for the additional work this have cause but I want to reverse the dispute asap. My crypto (my edit) account has been closed as a result and the transfer I have been waiting for ... has bounced twice. This situation is causing me great anxiety. Please can you confirm with the crypto account provider (my edit) that I have cancel the dispute so that my account can be reopen. I have been advised ... that I have until the end of this week to resolve this. I have been trying forex last year and wanted to get my investment out. I have open the crypto account (my edit) to accommodate the transfer of funds from my crypto wallet... No one else has been involved and no one has asked me download anything.'

Mrs K knew that there was someone else involved and she knew she'd been asked to download remote access software, so it seems to me she must have been coached to explain otherwise. When Mrs K gave reasons for the various transfers she made, she regularly explained they were for friends and family, and she's told us that was because the scammers had told her to say that.

On 13 February 2024 she received email responses from two genuine organisations who the scammers were impersonating, both organisations told her that the trading she was involved in was a scam. One of the organisations was an international financial regulator and I think a reasonable person would consider their view to carry significant weight.

When Mrs K attempted to make her second crypto payment, she was presented with a warning that explained:

'this could be a scam, if someone is pressurising you into making a payment or giving you investment advice, it is more likely this could be a scam'

But regardless of that pertinent warning, the letters from genuine organisations confirming the scam and the concerns she previously had, Mrs K continued to make payments towards the scam through Wise and other accounts. So even if I were to decide that Wise should have intervened further, perhaps by blocking payments and calling Mrs K to ask probing questions to try to uncover the scam, I don't think she would have heeded those warnings, and I don't think they would have made any difference. I think she was under the spell of the scammers and believed the only way to get her money back was to pay the escalating fees and charges that were being requested of her.

Having carefully considered the evidence available to me; I'm not persuaded that any additional questioning by Wise would have prevented Mrs K from going ahead with the payments she now disputes. This is not a finding I've made lightly. I can see she had some misgivings about the transactions at times. Yet she continued once the scammer allayed those concerns. Even after genuine organisations told her this was a scam, Mrs K carried on with the payments. In the circumstances, I can't fairly conclude that Wise acted unreasonably in executing Mrs K's instructions.

Thinking next about recovery of payments, given Mrs K transferred funds from her Wise account before sending it on to the scammer, it's unlikely recovery would have been successful. This is because services were rendered (e.g., the funds were successfully transferred to a legitimate crypto wallet and the scam didn't happen until later). Wise didn't attempt chargebacks for those reasons, and I think that was fair. As for the money transfers,

they were being made to individuals who Mrs K has confirmed exchanged her money for crypto and placed it in her crypto wallet to be used to pay fees to release her profits. Those recipients, therefore, completed the service that was required of them, and I don't think recovery would have been successful on that basis or that Wise were unreasonable not to pursue recovery in those circumstances.

In summary, I recognise that Mrs K will be disappointed with this outcome. I'm sorry that she fell victim to such a cruel scam. I acknowledge that this incident has had a significant impact on her circumstances. But I have to consider whether Wise could have prevented the scam from happening. Having given this a lot of thought, as set out above, it wouldn't be fair of me to hold them liable for her losses.

My final decision

For the reasons I've given above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 23 August 2025.

Phillip McMahon
Ombudsman