

The complaint

Mr P is unhappy Wise Payments Limited will not refund the money he lost as the result of an APP (authorised push payment) scam.

What happened

As both parties are aware of the details of the scam I will not repeat them here in full. In summary, Mr P fell victim to a romance scam that morphed into an investment scam. He was persuaded to make the following faster payments to four different accounts also held at Wise:

payment	date	value
1	26/02/2024	£200
2	29/02/2024	£1,000
3	20/03/2024	£1,000
4	28/03/2024	£1,010

At the time Mr P believed he was sending the money to allow him to invest in cryptocurrency. When Mr P was unable to withdraw his funds from the investment platform, unless he made a further deposit of £10,000, he realised he had been scammed.

Mr P says Wise did not do enough to protect him. Wise says there is no reason for it to refund the payments. It provided warnings on three of the payments and Mr P selected an inaccurate reason for the payments. It attempted recovery when it became aware of the scam, less than £3.21 remained across two of the recipient accounts which was returned to Mr P. All the recipient accounts have been deactivated to prevent any further transfers to the scammer(s) through its service.

Our investigator did not uphold Mr P's complaint. She found that Wise had acted fairly.

Mr P disagreed and asked for an ombudsman's review. He sent additional supporting evidence and said, in summary:

- He had selected the wrong payment purpose on the scammer's advice – the social engineering was sophisticated and as a result he trusted the scammer completely.
- The scammer instructed him to open this Wise account showing it is known to have insufficient security.
- The scam has impacted him financially, emotionally and personally. The police accept he is the victim in this case, yet we seem to be holding him accountable.

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.

There's no dispute that Mr P made and authorised the payments. At the stage he was making these payments, he believed he was transferring funds to allow him to start investing in cryptocurrency. I don't dispute Mr P was scammed and he wasn't making payments for the reason he thought he was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

And 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 February 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;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

It is in this context I do not find Wise can fairly be held liable for Mr P's losses. I'll explain why.

Mr P opened his Wise account on the instruction of the scammer. He gave the purpose as 'investing'. So Wise did not have an account history at time of the payments in question. For payments 1, 3 and 4 it provided tailored warnings based on the payment purpose Mr P selected (sending money to friends and family). This meant he did not see scam warnings relevant to cryptocurrency investing. That said, the 'family & friends' warning still asked questions that should have caused Mr P to pause, such '*Have you met 'X' in real life?*' yet he continued with the payments after answering yes, despite that being incorrect. I am unclear why there was no automated warning at the time of payment 2 but based on Mr P's actions at the time of the other payments I cannot see that this would have made any difference.

Mr P argues that he made this choice as he had been expertly manipulated and was guided by the scammer. I accept that was the case, and I am sorry he has been the victim of this cruel crime, but that does not automatically mean that the bank is at fault.

I say this as I am not persuaded Wise needed to do more, such as speak to Mr P, before processing the payments. I do not think they exhibited signs of likely financial harm such that Wise ought to have intervened. This is my finding based on the value of the payments, the nature of the recipient accounts (they were named individuals and not identifiably linked to cryptocurrency purchases) and the timings (they were not made in rapid succession, rather

over a four-week period on four separate dates).

It follows I am satisfied Wise acted fairly and reasonably when it followed Mr P's payment instructions.

I have then considered if Wise did what we would expect to try to recover Mr P's money once it became aware of the scam. By the time it was notified of the scam, on 30 April 2024, the funds had largely cleared the four accounts. So it was only able to recover and return £3.21 to Mr P but I can find no failing on its part in this regard.

It follows I am not instructing Wise to refund any money to Mr P. I'm sorry Mr P has lost a considerable amount of money and I can understand why he would like to be compensated for his loss. I do accept Mr P has fallen victim to a sophisticated scam that has detrimentally impacted many aspects of his life. But I can only consider whether the EMI, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Wise can be held liable in the circumstances of this case.

Finally, Mr P raised more general concerns about Wise being known to have weaker security but I can only comment here on the individual merits of this complaint. Broader, more systemic issues fall outside our remit. They sit with the regulator, the Financial Conduct Authority.

My final decision

I am not upholding 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 29 April 2025.

Rebecca Connelley
Ombudsman