

The complaint

Mr J complains about Wise Payments Limited.

Mr J says that Wise didn't do enough to protect him when he became the victim of a scam and would like Wise to refund the money that he lost.

What happened

The facts of this case are well known to both parties, so I won't go into much detail here. After seeing an advert on a social media site for an investment with a business I will refer to as V, Mr J was directed to what appeared to be a legitimate website. Mr J says he checked online and found endorsements for V from a well-known consumer rights personality. Mr J didn't realise that this endorsement was fake. He completed an identification process with V and downloaded software to allow it to perform trades on his behalf. Once Mr J's investment appeared to reach £40,000 he tried to withdraw his funds but was asked to make the payment of £3,600 which he did.

Mr J complained to Wise about the scam in early 2024.

Mr J made the following payments as part of the cryptocurrency investment scam:

	Date	Payee	Payment type	Amount
1	28 June 2022	B - cryptocurrency	Debit card	£510
2	5 July 2022	B - cryptocurrency	Debit card	£4,001
3	19 July 2022	B - cryptocurrency	Debit card	£3,600
	Total			£8,110

Our investigation so far

Our investigator issued two views – neither of which upheld Mr J's complaint. In the first view, our investigator thought that the payments Mr J made weren't unusual for the type of account he held with Wise. So, she didn't think Wise missed the opportunity to identify they were being made as part of a scam. However, our investigator noted that on each payment, Wise provided a written warning which Mr J said he'd been coached about by the scammer.

After issuing the first view, Wise came back to us to correct an error that it had made. Wise explained that it did not display warnings at each payment. Instead, when a customer makes their first card payment to a cryptocurrency merchant, it automatically rejects the payment, displays a warning, and asks the customer if they want to proceed with the transaction. In Mr J's case, the first payment wasn't rejected, so it didn't show him the warning.

After considering this information, our investigator issued a second view. She didn't think an intervention by Wise at the first payment would have made a difference. This was because the scammer had coached Mr J on what to do if challenged by Wise.

Our investigator didn't think that a chargeback by Wise would have been successful and she

didn't recommend that it pay any compensation to Mr J.

In light of the new evidence from Wise that it didn't provide any warnings despite saying otherwise, Mr J disagrees with our investigator's approach. He considers the investigation outcome to be unsafe. Mr J points to Wise being on notice about B for three years after the FCA issued a warning about the cryptocurrency merchant in June 2021. So, Wise should have earmarked transactions with B as potentially fraudulent.

As our investigator's view of Mr J's complaint didn't change, the complaint has come to me to make 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 deciding what's fair and reasonable in all the circumstances of a complaint, I am required to take into account relevant: law and regulations; regulators' rules, guidance, and standards; codes of practice; and, where appropriate, what I consider having been good industry practice at the time.

I don't think it is in dispute here that Mr J was taken in by a scam – and while he never intended his money to end up with a scammer, he authorised the payments – and so is presumed liable in the first instance.

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 2017 and the terms and conditions of the customer's account. And I have taken this into account when deciding what's fair and reasonable in this complaint.

That said, as a matter of good practice, Wise should have taken proactive steps to identify and help prevent transactions – particularly unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there is a balance to be struck: EMIs like Wise need to be alert to fraud and scams and to protect their customers from fraud, but they can't reasonably be involved in every transaction.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider having been good industry practice at the time, I consider Wise should fairly and reasonably:

- 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 EMIs are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.
- 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.

In this case, I need to decide whether Wise acted fairly and reasonably in its dealing with Mr J when he authorised payments from his account or whether it could and should have done more before processing them.

This leads me to consider the payments that Mr J made – and if Wise should have intervened.

While there are known fraud risks associated with cryptocurrency, this does not mean that all transactions involving cryptocurrency are related to scams. And Wise has to strike a balance between allowing customers to use their account and stopping and questioning transactions.

Mr J had just opened his account with Wise, so it didn't have any history to consider whether the transactions were out of character. The amount of payment one was modest - £510 - not enough to have been an obvious cause for concern. So, I would not have expected Wise to intervene.

I appreciate that Wise now says it failed to follow its' usual process of rejecting the first cryptocurrency transaction and asking Mr J if he wanted to proceed with the payment. But based on information which Wise has previously provided to our service; I am not persuaded that this process was in place at the time. In any event, I would not have expected Wise to provide a warning when Mr J made the first payment for the reasons already outlined above. So, I don't think it missed an opportunity to uncover the scam at payment one.

Mr J went on to make two larger payments to the same cryptocurrency merchant. But, at the time these payments were made, I think it was reasonable for Wise to consider a range of factors when deciding whether to make further enquiries of its customer about a particular payment. The pattern of payments wasn't consistent with fraud - they were made two weeks apart - and their values did not, in my view, indicate a heightened risk of financial harm. Without any other concerning factors, we wouldn't have expected cryptocurrency transactions of the size of payments two and three to have led to an intervention by Wise in June and July 2022.

I take Mr J's point that the FCA had issued a consumer warning about B in June 2021 but the information on the FCA website didn't indicate that B was a fraudulent merchant and the FCA didn't prevent it from converting currencies. So, I still think Wise was right not to view the payments with suspicion.

The payments were made by card to B - a cryptocurrency provider. Mr J then sent that cryptocurrency to V. So, Wise would not have been able to recover the funds. In addition, I don't consider that a chargeback would have had any prospect of success as there's no dispute that the cryptocurrency was supplied to Mr J before he sent it to V.

I am sorry to disappoint Mr J who has been the victim of a cruel scam, but for the reasons outlined above, I don't require Wise to refund any of the disputed payments and I don't consider there was any other way for it to recover the payments made.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 24 June 2025.

Gemma Bowen
Ombudsman