

The complaint

Ms N is being represented by solicitors. She's complaining about Wise Payments Limited because it declined to refund money she lost as a result of fraud.

What happened

Sadly, Ms N fell victim to a cruel cryptocurrency recovery scam. As I understand it, she'd previously tried to buy cryptocurrency in 2020 but didn't receive anything in return. Then in March 2024, she was contacted by someone saying she had unclaimed profits that would be returned to her after she'd paid relevant fees and taxes.

To fund the scam, Ms N opened an account with Wise and used this to make the following payments that were lost:

No.	Date	Amount £
1	6 Apr	200
2	6 Apr	5,050
3	12 Apr	5,300
4	18 Apr	5,975
5	19 Apr	3,485
6	26 Apr	9,900

All of the payments went to a known cryptocurrency exchange, from where Ms N purchased cryptocurrency that was transferred to the scammers.

Ms N has also complained about another Electronic Money Institution (EMI) from where much of the above money was transferred to her Wise account. I've considered that complaint in a separate decision.

In response to Ms N's complaint, Wise paid compensation equal to 25% of the total of payments 2 to 6. This was on the basis that Ms N should bear responsibility for 50% of the loss and the remainder should be split equally between Wise and the other EMI. Wise subsequently also offered to pay interest on the amount refunded and it's not clear whether Ms N received that amount or not.

Our investigator didn't recommend the complaint be upheld. She concluded Wise had made a fair and reasonable offer. While she felt it should have done more to question the payments before processing them, she didn't think any intervention would have successfully uncovered the fraud or stopped Ms N from going ahead with the payments.

Ms N didn't accept the investigator's assessment and her representative argued that Wise should have identified the payments as potentially fraudulent and asked further questions. It also maintained that Ms N acted reasonably throughout and shouldn't be held responsible for any portion of her loss.

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 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 Ms N 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 Ms N.

The payments

One of the key features of a Wise account is that it facilitates payments that often involve large amounts. Further, 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. And based on what it knew at the time, including the relatively small amount involved, I don't think there was any particular reason for Wise to believe Ms N was at risk of harm from fraud in relation to payment 1. But payment 2 was for a much larger amount and, given Wise knew this was going to a cryptocurrency exchange - something required by fraudsters in many types of known scam, I think this was the point when Wise should have intervened.

In view of the risks presented by this payment, I think a proportionate intervention would have been for Wise to contact Ms N to find out more about the surrounding circumstances, either by calling her or via an in-app chat function.

I've thought very carefully about whether this type of intervention would have been successful in stopping the scam. But on balance, it's my view that Wise wouldn't have been

able to uncover what was really going on and that Ms N would have wanted to continue with the payments anyway.

The reasons for this conclusion are detailed in my decision on her complaint about the other EMI. But to summarise, that EMI did contact Ms N to discuss one of the payments it processed and the available evidence, including screenshots of Ms N's online chats with the scammer, show she was coached to provide inaccurate information when asked about the payments she was making and that she followed this advice. This meant the EMI wasn't able to identify she may be falling victim to a scam or provide an appropriate tailored warning.

Ms N appears to have been firmly under the spell of the scammer and was following advice that was designed to prevent the EMI from being able to recognise the scam. In the circumstances, and while I certainly think Wise should have done more to find out about the payments, I don't find that further intervention would ultimately have been successful in uncovering the scam and stopping her from going ahead.

In circumstances where I wouldn't normally look to make an award, I think Wise's offer to take responsibility for 25% of the loss was fair and reasonable. I note it subsequently offered to add interest to this amount and it's not clear if that has also been paid to Ms N. But if not, and the offer remains open, Ms N can contact Wise directly to accept it.

Recovery of funds

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

Ms N transferred funds to a legitimate cryptocurrency account in her own name. From there, she purchased cryptocurrency and moved it onto a wallet address of her choosing (albeit on the scammers' instructions). If Wise tried to recover the funds, it could only have tried to do so from Ms N's own account and it appears all the money had already been moved on - 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, if not, anything that was left would still have been available to her to access. So I don't think anything that Wise could have done differently would have led to these payments being successfully recovered.

In conclusion

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

I recognise Ms N has been the victim of a cruel scam and I'm sorry she 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 don't think any intervention by Wise would have made a difference to the eventual outcome and I won't be telling it to make any further refund.

My final decision

My final decision is that I do not uphold this complaint as I'm satisfied Wise has already put a fair settlement in place.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms N to accept or

reject my decision before 7 May 2025.

James Biles
Ombudsman