

The complaint

Miss A complains that Wise Payments Limited didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

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 July 2022, Miss A met someone on social media who I'll refer to as "the scammer". The scammer said he was a trader and that he could help her to invest in cryptocurrency. He helped her to set up accounts with Wise and a cryptocurrency exchange and told her to first purchase cryptocurrency and then load it onto an online wallet. She made payments into the Wise account from Bank B and between 7 July 2022 and 5 August 2022, she made seventeen faster payments to three individuals totalling £47,250 from the Wise account.

Miss A believed the investment was genuine, but when she asked to withdraw her profits, the scammer kept asking her to pay additional fees and repeatedly gave excuses for why she couldn't access her funds. She realised she'd been scammed when the scammer said they'd sent funds to Bank B, but the funds were never received.

Miss A reported the scam to Wise on 26 December 2022, but it refused to refund any of the money that she'd paid out of her account. It said it had verified the recipient accounts, there was no reason to believe the transfers weren't legitimate, and it had fulfilled its contractual obligation to complete the transfers. It apologised for the delay in issuing its final response and offered £50 compensation.

Miss A wasn't satisfied and so she complained to this service. She explained she'd believed the recipient accounts were legitimate because Wise requires proof of ID to open an account and that it should've suspected the accounts were fraudulent due to the activity on the accounts.

She said the scammer had told her that if she mentioned cryptocurrency, the bank wouldn't allow her to make the payments, and she thought she'd lose the money if the payment didn't go through.

Wise said it stopped a transfer for £6,000 on 8 September 2023 for anti-money laundering checks and Miss A's Wise account was deactivated. It explained that the recipients of the transfers were other Wise customers whose accounts were verified, at the time of opening it had no reason to believe the accounts would be used for fraud, and there were no previous concerns raised by other victims regarding the accounts.

It explained that most of the funds were sent to other Wise users except one that was sent out to an external account. It said that by the time it received the scam report, no funds remained in the Wise accounts, and it couldn't initiate a recall for the transfer that was sent externally.

It said it didn't show any scam warnings because the individual transfer amounts weren't out of character and were gradually increasing in size. Further, when it asked Miss A about the purpose of the transfers on 2 August 2022, she said "*the reason for the transfer was me sending it to a friend who was in need of the money*", which was untruthful.

Our investigator didn't think the complaint should be upheld. He thought Wise should have intervened on 13 July 2022 when Miss A made a payment for £10,000 because it was a high value payment from a newly opened account, she'd made over £16,000 worth of payments in the days prior, and the payments were inconsistent with the account opening purpose of 'contributing to personal savings'. He thought a proportionate response would have been for Wise to have stopped the payment and made enquiries with Miss A via its in-app chat, but he didn't think this would have prevented her loss because it's unlikely she'd have told Wise the payments were being made for cryptocurrency, citing her comments during the call on 2 August 2022. He thought Wise ought to have provided general scam warnings but he didn't think this would have resonated with her and so she'd have proceeded with the payment.

Finally, our investigator was satisfied that Wise did what it could to recover Miss A's money once it was aware of the scam, but the funds had already been removed from the receiving Wise accounts. He also reviewed the account opening information for the Wise accounts and was satisfied they were opened in line with Wise's regulatory obligations and that it couldn't reasonably have foreseen that they would later be used to receive fraudulent credits.

He accepted that Wise ought to have been concerned about the payments coming into one of the recipient Wise accounts, but he didn't think this would've prevented Miss A's loss because if funds she tried to pay were returned to her, it's likely she'd have just paid the funds to one of the other scam accounts, which is what happened when the payment of £6,000 was cancelled.

Miss A has asked for her complaint to be reviewed by an Ombudsman arguing the scammer shouldn't have been able to open multiple accounts.

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 conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Miss A has been the victim of a cruel scam. I know she feels strongly about this complaint, and this will come as a disappointment to her, so I'll explain why.

I'm satisfied Miss A 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of her bank account, Miss A is presumed liable for the loss in the first instance.

There's no dispute that this was a scam, but although Miss A didn't intend her money to go to scammers, she did authorise the disputed payments. Wise is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Wise was an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Wise could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Miss A when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Wise to intervene with a view to protecting Miss A from financial harm due to fraud.

This was a newly opened account and so there was no spending history to compare the payments with. And it wouldn't have been apparent that Miss A was sending funds for an investment. So, I agree with our investigator that there would have been no reason for Wise to intervene until Miss A tried to send £10,000 on 13 July 2022. On that date, based mainly on the value of the payment and the fact it was inconsistent with the account opening purpose, I think Wise ought to have contacted Miss A via its live-chat facility and asked her why she was making the payment.

Wise has explained that Miss A expressed dissatisfaction on the occasions it did intervene telling it she wanted the payments completed as soon as possible, and she has explained that she feared she'd lose her money and money belonging to the scammer if the payments didn't go through, which is why she didn't disclose that she was sending the funds for an investment. While I understand she was simply trying to recover money she'd paid out to the scam, she had believed the investment was genuine and was determined to make the payment. Because of this, I don't think she'd have disclosed the real purpose of the payment and so Wise wouldn't have detected the scam. And I don't think a generic scam warning would have resonated with her. Consequently, while I accept that Wise missed an opportunity to intervene, I don't think this represented a missed opportunity to have prevented the scam.

Miss A has also argued that Wise ought to have detected suspicious activity by monitoring the incoming payments into the fraudulent accounts, but I agree with our investigator that Miss A was so determined to make the payments that if Wise had prevented her from making the payments, she'd have simply sent the funds from another of her accounts. And I'm satisfied the accounts were properly verified when they were opened.

Recovery

I'm satisfied that Wise did what it could to recover the funds, but no funds remained.

Compensation

The main cause for the upset was the scammer who persuaded Miss A to part with her funds. Wise has paid Miss A £50 compensation for time it took to respond to her complaint, and I'm satisfied that's fair.

I'm sorry to hear Miss A has lost money and the effect this has had on her. But for the reasons I've explained, I don't think Wise is to blame for this and so I can't fairly tell it to do anything further to resolve this complaint.

My final decision

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 11 March 2025.

Carolyn Bonnell
Ombudsman