

The complaint

Mr B complains that Wise Payments Limited won't refund several payments he lost to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat it all again here.

Mr B complains that the following payments were made to an investment scam.

	Date	Amount
Payment 1	21 October 2021	£25,000
Payment 2	25 October 2021	£9,000
Payment 3	22 November 2021	£10,000
Payment 4	13 January 2022	£25,000
Payment 5	14 January 2022	£24,995
Payment 6	06 April 2022	£19,999
	Total	£113,994

In summary, Mr B said he was contacted by the scammer purporting to be from a trading company. He said the scammer told him the investment involved spread betting and trading on the cryptocurrency market. He said he checked the company's website and reviews which all seemed fine.

Mr B transferred a total of £5,500 to the scammer's UK account from an account he held with another bank. As he thought the initial investments had gone well, he decided to invest more of his funds. He said the scammers told him the companies' headquarters were in Sweden and to open an account with Wise to make payments to a custodian account as trades would be in euros. However, Mr B said he realised it was a scam when he asked for some of the returns, but the scammer stopped responding to him. He reported the matter to Wise, but it didn't refund his losses.

Mr B complained to Wise, but it didn't uphold the complaint because it said it had no account usage history for it to determine whether the payments were out of character for him. It said his first payment was large and the subsequent payments were to an established recipient. Wise also said the final payment while to a new recipient, was not of concern because it was of an amount in line with his payment history.

Mr B didn't accept Wise's response and brought his complaint to our service. Our investigator thought the complaint should be upheld, because she thought Wise missed an opportunity to discuss the payments with Mr B and had more appropriate questions been asked, the scam could have been prevented.

Wise doesn't agree and adds that infrequent larger transactions sent abroad are not out of the ordinary for its customers, and its fraud team was unlikely to stop the payments in question.

As an agreement couldn't be reached, the complaint has been passed to me to decide. And I issued my provisional decision on 10 December 2024 in which I said:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I appreciate I've summarised this complaint in less detail than has been provided, but I want to clarify that I've taken into account the detailed submissions from both parties in reaching my decision. However, if there's something I've not mentioned, it isn't because I've ignored it. I haven't. Rather, I've focused on setting out what is key to my decision.

Wise sent examples of decisions previously issued by our service, however each case must be decided based on its own individual merit and that is what I've done here.

In broad terms, the starting position in law is that an electronic money institution such as Wise is expected to process payments and withdrawals that a customer authorises it to make. There is no dispute here that Mr B authorised the payments. And in accordance with the Payment Services Regulations and the terms and conditions of the account, Mr B is responsible for the loss.

However, taking into consideration the relevant regulatory rules and guidance, codes of practice and good industry practice, Wise should have looked at the wider circumstances surrounding the transaction before making the payment and taken steps to keep its customer's accounts safe. Therefore, it ought to look out for payments which might indicate that its customer is at risk of financial harm due to fraud. So, I've thought about whether Wise acted fairly and reasonably here, I don't think it did and I'll explain why.

I accept that Wise did not have information on Mr B's account usage history to help it identify whether the payment was unusual for Mr B. Nevertheless, Wise did have information about the payment Mr B was making which it ought to have taken into consideration.

Wise confirmed that Mr B selected savings/retirement account as the payment reason for the first payment made towards the scam. However, taking into account the value of the payment, that it was to an international account not in Mr B's name and that the payment was made to a business account, alongside the fact it was a newly opened account, I find there were several questionable factors that together, ought reasonably to have caused Wise concern that Mr B was potentially at risk of financial harm from fraud.

Wise hasn't provided any evidence it intervened in any way before the payment was made. Considering the value of the payment and the potential scam risk Wise ought to have been aware of, I find human intervention by a member of staff appropriate intervention in the circumstances of this complaint.

I've also considered whether this intervention would have been effective in uncovering the scam and preventing Mr B's losses. I'm persuaded it more than likely would. I say this because from Mr B's testimony, it is clear the scam begun from a cold call, and Mr B didn't have prior contact with the scam company or any information about the investment. He says

he was told he would be investing in spread betting in the cryptocurrency market. Mr B didn't have any control over the investment account and had to request withdrawals through the scammer. Furthermore, I find the returns he was promised to have been unrealistic and would likely have raised concern if disclosed.

There is no evidence Mr B was coached by the scammer on what information he was to provide if questioned. So, I find Mr B would likely have been honest if questioned further about the payment purpose. And had Wise asked relevant questions regarding the initial payment, it would have had the opportunity to uncover the scam and prevent Mr B's subsequent losses. Overall, I find Wise responsible for Mr B's losses.

That said, I've also considered whether Mr B was negligent and should bear some responsibility for the losses he experienced. I think he ought to, this is because Mr B told us he checked online reviews about the scam company and was aware of a negative review which indicated the potential that this might have been a scam. I appreciate the scammer provided an explanation that this was untrue, but I think this should have caused Mr B concern.

I would also add that the initial payments which Mr B made from his other bank account, were to a beneficiary in the UK before he was asked to make international transfers to what he was told was a custodian account. I think this should have raised questions and caused Mr B to have acted more cautiously. When taking into account the value of investment Mr B intended to make, the negative reviews on the scam company, and the information he had been provided about custodian accounts, which he admits he did not understand, I think at the very least Mr B ought to have conducted further research before committing himself to the investment.

Additionally, the final payment was to an account in a different company name. I appreciate Mr B questioned this and was told by the scammer that they used several third-party custodians for the insurance and protection it provided. I find the use of another account ought to have raised further concerns for Mr B and caused him to investigate things further.

I accept Mr B fell victim to a sophisticated scam, nevertheless I don't think he acted reasonably for the reasons I've given. As such, I find Mr B ought to bear equal responsibility for his losses.

Recovery of funds

I'm satisfied that Wise did what it could to recover Mr B's funds once it was aware of the scam. Where payments are made as a result of fraud, we usually find the payment are moved on quickly by the scammers from the recipient account. In Mr B's case the scam was reported several months after the final payment was made and around nine months after the initial payment from his Wise account. So, I find the chance of recovering any of his funds from the recipient account would have been relatively low. Further still, payments made internationally are often unsuccessfully recovered. Nevertheless, Wise attempted to recover the funds for Mr B, but unfortunately it wasn't able to. Overall, I'm satisfied it did what it could to try to recover Mr B's funds.

As I explained, I find Wise, and Mr B should bear equal responsibility for Mr B's losses. I note from bank statements that Mr B received two payments back from the beneficiary account totalling £13,800, which I find should be deducted from his losses. Wise should refund 50% of what remains of his loss which make it responsible to refund £50,097. Plus 50% of any international transfer fees Mr B was charged. It should also pay 8% interest per year on the total sum its refunding from the date the payment was made until the date it is settled."

Trouble and upset

Our investigator thought Wise could have provided a better service and thought it ought to pay £50 in compensation. I've considered what Mr B said and reviewed his interactions with Wise once he made it aware of the fraud. I understand why Mr B might have initially felt that it wasn't helpful, but I've reviewed its communication with him, and I can see it asked for further information about what happened. And after receiving this information from Mr B it indicated to him that it would attempt to recover his funds from the beneficiary, and I'm satisfied it did what it could to help Mr B. So, I don't find it needs to do anything more..."

Mr B agreed to what I said in my provisional decision and Wise did not make any further comments.

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.

As neither provided additional information or comments for me to consider, I see no reason to deviate from what I said provisionally.

My final decision

For the reasons mentioned, my decision is that I uphold this complaint and require Wise Payments Limited to:

- Deduct £13,800 from Mr B's losses and refund 50% of what remains. It should also refund 50% of any international transfer fees it charged him.
- Pay 8% simple interest per annum on the refund, from the date the payments were made to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 10 February 2025.

Oluwatobi Balogun
Ombudsman