

The complaint

Mr D is unhappy Wise Payments Limited won't refund payments he sent as part of a scam.

Mr D brings his complaint through professional representatives, but for simplicity I've referred to the actions of Mr D throughout this decision.

What happened

In early 2022 Mr D received a call from someone purporting to work for the solicitors handling the hostile takeover of a large power company. He was handling his sister's financial affairs at the time, and knew she had shares in that power company. The agent explained there was an opportunity to buy and sell those shares, in light of the takeover, for a good profit. But things needed to be kept secret, as the deal (worth billions of pounds) could fall through otherwise. Mr D was sent some paperwork about the purchase of the securities his sister held, which required a 'bond' to be paid up front (for around £5,700). So he paid that from his account at a bank, I'll call "T".

Mr D was then contacted by another 'investment firm', I'll call "S", which said it was taking over from the original solicitors. The agent offered Mr D the opportunity to acquire more of the same shares at a heavily discounted price, which he would be able to sell at a large profit once the takeover completed. After researching S online Mr D was persuaded it was legitimate and decided to take up the offer. So, in June 2022, he paid around £55,000 to buy extra shares – through two international transfers from his account at T.

Later S contacted him to say tax would need to be paid on the profits at 30% - but he could get a 'margin loan agreement' from the company doing the takeover for most of it. Mr D says the documents looked real and so he sent that amount to cover the tax. Shortly after, in August 2022, Mr D was informed that the previous tax payment had been made late and there was now a penalty of over £34,000 to pay. He was then told there had been issues with the payments from his banks, and they were sometimes taking too long. He was advised to open accounts with money transfer firms, as other investors were apparently doing the same. Mr D was also told that the profits wouldn't be released until that charge had been covered, and it could delay things significantly if he didn't. Mr D was also promised he'd get the tax amount back very soon, as part of the proceeds payment.

A Wise account was opened to facilitate the international transfers needed to cover the late tax charge, along with another account at a money transfer service I'll call "H". Mr D tried to initiate a payment from his Wise account, funded by money held in the T account, but T blocked the transfer and questioned him about what he was doing. After that conversation T said he shouldn't send any more money to the investment as there were red flags this was a scam – like two of the beneficiary banks refusing to accept the payment. T warned him that any future payments sent to the investment would not be covered for a refund if it turned out to be a scam. So Mr D transferred the money to his other current account, at a bank called "B", which was then used to fund the subsequent payments Mr D initiated through Wise. On the first payment, Wise asked him for the purpose – and he selected 'something else', and typed in the free text box 'services rendered'. That resulted in Mr D being shown general scam warnings before the transfer was sent. It didn't intervene further on any of the other

transfers.

Later in August 2022, Mr D received call advising him that there were bank related charges to pay, and he was sent legal looking documents purporting to be from the United States Federal Depository and Treasury. Payments covering those charges, for more than £31,000, were made through his Wise account (with the funds having originated at B).

Mr D initiated the following payments from his Wise account as part of the scam (to an account in a company name at a bank in the Philippines):

Payment	Date	Time	Type	Amount
1	3 August 2022	17.20	International transfer	£11,007
2	4 August 2022	07.34	International transfer	£11,007
3	16 August 2022	13.06	International transfer	£18,200
4	17 August 2022	07.19	International transfer	£16,000
5	31 August 2022	11.50	International transfer	£17,000
6	1 September 2022	10.05	International transfer	£14,350

In September 2022, S said its service fees amounted to almost £24,000 – and they needed to be settled prior to the money being released. S also told Mr D that if he paid those costs later he would need to use a different company, and they would charge him more. Mr D sent payments to cover the service fees using his accounts at B and H. Then in October 2022 a letter supposedly from the Federal Reserve System was received, saying \$20,000 needed to be paid as security before the proceeds of the shares sale could be released (which would be refunded). There was also a ‘tax abatement’ cost of over £12,000 to pay, according to S. Both of those charges were paid by Mr D with transfers initiated from H. There was also a Bank of England tax fee to pay for around £6,200 – with the promise that the money would be released quickly once settled. So he paid that amount from his account at T.

In January 2023 Mr D received documents from the ‘Office of the Comptroller of the Currency’ which said a payment of almost \$15,000 was needed before the proceeds could be distributed. Mr D attempted to make a payment from his account at T to Wise, but after speaking to him the bank declined it. The notes say T warned him again it was a scam, and said any payments made to the investment wouldn’t be covered for a refund. Mr D was reportedly insistent he knew what he was doing, and would arrange the payment in other ways.

It seems B also declined his attempts, at both sending money to Wise and a third money remittance service. B spoke with Mr D on 7 January 2023 and carried out a near perfect intervention call – explaining exactly why this was a scam, and relying particularly on the multiple fees and charges that he was repeatedly being asked for. Mr D did not accept that it was scam in the moment, and insisted it was legitimate, but agreed to look into it. At the end of the call, before Mr D hung up, you could hear him discuss the matter with his family – who also said it probably was a scam, and that they should have had the money paid to them already.

Mr D says around this time he received a call from someone purporting to be a solicitor, who

told him the original investment company he'd been dealing were scammers – and he was representing several people in trying to recover their stolen funds. He was also contacted by an 'asset recovery' company. Increasingly suspicious, Mr D spoke to his bank again, who advised getting his documents authenticated by an independent financial advisor. But he says he couldn't find anyone willing to make that judgement call. Eventually Mr D's solicitor discovered that the contact at S appeared to be impersonating someone else. So the solicitor advised it was likely a scam.

The matter was subsequently reported to the police and all the firms involved – including Wise. It attempted recovery of the payments but was unsuccessful. A complaint was raised in July 2024, through representatives, that said Wise had missed clear signs he was being scammed – and that an intervention would have prevented the loss. Wise disagreed, and in its final response said it did not have sufficient grounds to determine the activities were inconsistent with his typical usage patterns. Mr D wasn't happy with the outcome, and so he referred his complaint to our service for review.

One of our investigators looked at the complaint and didn't think it should be upheld. In her view, Wise ought to have spoken to Mr D prior to allowing the first payment, as it was for a large amount, going internationally, and it didn't know what it was for (as 'something else' was selected). But the investigator didn't think the scam would have been uncovered during an intervention, as Mr D wouldn't have likely provided sufficiently concerning information about the investment during any conversation. She added that he'd been told to keep what he was doing a secret, so the deal didn't fall through, which led her to question the extent to which he'd have shared exactly what was happening.

Mr D didn't accept the investigator's opinion, and said in response to the view that a lot of weight had been placed on what the interventions that happened at T. But he argued that as we haven't been able to listen to those calls we can't be sure of the questions asked or warnings given. So the benefit of the doubt seemed to have been given to the firm rather than the victim. Mr D also raised that the scammers were likely those that target elderly individuals – and that Wise ought to have been able to identify his vulnerability. The funds were not held at Wise for any length of time, so it's clear the account was just used to pass money through – which is a hallmark of multistage fraud. Lastly, Mr D argued that a proper warning from Wise would have uncovered things, as the scam was discovered when his family pointed it out. A fraud expert at Wise should have been able to do the same.

As the investigator's position remained the same, Mr D asked for an ombudsman to review things. So the complaint was passed to me for a final decision on the matter.

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'm not upholding Mr D's complaint. I appreciate that will come as great disappointment to Mr D, as I know he feels strongly that Wise should have done more. I was also saddened to hear about how much the incident had affected him, but also the whole family. There's no dispute that Mr D fell victim to a cruel and sophisticated scam. But what I must decide is whether TSB ought to have done more. I've thought about this very carefully, given what's at stake. On balance, though, I don't think it could reasonably have prevented the loss. I've explained my rationale below.

In broad terms, the starting position in law is that a payment services provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's).

Mr D 'authorised' the transactions in question (he made them), albeit under the belief they were for a legitimate opportunity to purchase shares. So Wise were under an obligation to process the payments – but that isn't the end of the story, as far as Wise's responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. That means I consider Wise should fairly and reasonably have been on the lookout for the possibility of Authorised Push Payment (APP) fraud at the time, and intervened if there were clear indications its customer might be at risk.

Wise has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment.

Firstly, I should explain that these payments aren't covered by the voluntary scheme, called the Contingent Reimbursement Model (CRM) code, that some banks had signed up to at the time these were made. That scheme covered refunds for APP fraud in certain scenarios, but didn't apply to international payments – and Wise wasn't a signatory to the code anyway. So Mr D would only be entitled to a refund if Wise made a mistake when putting the transfers through (for example, if it didn't sufficiently act on clear indications he was being scammed).

I've thought about whether Wise needed to do more in the circumstances, but I don't think it did. I appreciate the payments were large, but sending payments internationally is exactly why people open this type of account – so the activity here, even on a new account, would have been in line with how Wise was expecting Mr D to use it. There also wasn't any prior account history to compare these transactions with, to know whether it was concerningly out of character for his usual spending habits. I don't think Mr D's age (he was early seventies when he made these) particularly added any extra obligation on Wise – as he wasn't old enough to indicate potential vulnerability.

I consider asking for the payment purpose and showing a warning based on the reason selected was proportionate to the risks involved here (with the only real risk being the size of them). These were going to a business account abroad, so I don't think what Mr D input ('service rendered') would have seemed inconsistent to Wise. Unfortunately that selection didn't produce warnings which resonated with him – not through any fault of his or Wise's. It wouldn't be possible to have options covering every scenario. But I don't think any tailored warning Mr D could have been given by Wise would have prevented the payments being made. Mr D was likely given an investment scam warning by T, which hadn't uncovered things for him. He was also told by two banks he was being scammed, and that didn't initially land either. So I don't think any warning would have worked.

I'm not satisfied Wise ought to have been sufficiently concerned to have needed to speak to Mr D on the phone, prior to allowing these. There were time gaps between the payments, and the amounts didn't escalate – they went up and down. The third payment was an increase in value from the first two, and was a large amount, but I don't think it would have warranted any more than an automated warning in the circumstances (which wouldn't have changed the result here). That's because I don't think there were sufficient concerning factors present – like an obvious scam pattern developing – to have reasonably prompted Wise to carry out more involved fraud checks.

Even if it could be argued that Wise should have spoken to Mr D before processing any of

these transfers, and during that intervention it uncovered he was being scammed, I don't think that would have prevented further losses. Mr D was determined to make these payments, and didn't readily accept he was being scammed despite being told that was case by two banks. Even after a pretty much perfect intervention call from B, Mr D still thought the opportunity was legitimate. It took other converging factors to finally convince him, as I set out during my summary of events – and by the time he made these transfers not all of those red flags had materialised. So if Wise had refused to make any of these payments and given warnings, I think Mr D would have still likely sent them to the scam through other channels. That's what he'd previously done the first time T told him he was being scammed, and what he attempted to do following the second time in January 2023 – but which point he was trying to use a third money transfer firm, to evade the fraud controls he was coming up against.

Having considered everything, and whilst I recognise that Mr D has sadly had this money stolen, I don't think Wise could reasonably have been expected to prevent the loss. So, I'm not directing it to refund the payments he sent.

My final decision

My final decision is I don't uphold Mr D's complaint about Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 28 July 2025.

Ryan Miles
Ombudsman