

The complaint

Mr E is a customer of Wise Payments Limited ("Wise").

Mr E's complaint is about Wise's refusal to reimburse him money he says he lost due to a scam.

What happened

The circumstances of this complaint are well known to all parties concerned, so I will not repeat them again here in detail. However, I will provide an overview of events.

In short, Mr E says he has fallen victim to a cryptocurrency related investment scam. The Wise card payments in question are:

Payment Number	Date	Beneficiary	Amount
1	28 February 2023	Guardarian.com	£2,000
2	20 March 2023	Guardarian.com	£3,400
3	20 March 2023	Guardarian.com	£205
4	10 April 2023	Guardarian Ou	£1,000
5	02 June 2023	MoonPay	£2,500
6	05 June 2023	Simplex	£1,000

Mr E disputed the above with Wise. When it refused to reimburse him, he raised a complaint, which he also referred to our service.

One of our investigators considered the complaint and did not uphold it. As Mr E did not accept the investigator's findings, this matter has been passed to me to make a decision.

It should be noted that Mr E transferred money from his account with Halifax to his Wise account. This money was used in connection with the scam. Mr E has raised a complaint against Halifax about this which is being dealt with by our service separately.

What I have 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 find that the investigator at first instance was right to reach the conclusion they did. This is for reasons I set out in this decision.

I would like to say at the outset that I have summarised this complaint in far less detail than the parties involved. I want to stress that no discourtesy is intended by this. If there is a submission I have not addressed, it is not because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint.

Regulatory framework

The regulations which apply in this matter are the Payment Services Regulations 2017 ("the PSRs").

Should Wise have recognised that Mr E was at risk of financial harm from fraud?

It is not in dispute that Mr E authorised the payment transactions in this matter. Generally, consumers are liable for payment transactions they have authorised. However, that is not the end of the story. This is because even if a payment is authorised, there are regulatory requirements and good industry practice which suggest firms – such as Wise – should be on the look-out for unusual and out of character transactions to protect their customers from financial harm. And, if such payment transactions do arise, firms should intervene before processing them. That said, firms need to strike a balance between intervening in a customer's payment to protect them from financial harm, against the risk of unnecessarily inconveniencing or delaying a customer's legitimate transactions.

I have borne the above in mind when considering the payment transactions in this matter.

Payment 2

I am persuaded that Payment 2 (set out above) was unusual and out of character. I say this because of the nature of the payment and value of it.

Given the above aggravating factors, I think there was an identifiable risk. Therefore, Payment 2 should have triggered Wise's fraud detection systems; prompting it to intervene before releasing the transaction to try to protect Mr E from financial harm. My view is that a proportionate intervention to the risk identified would have been for Wise to provide Mr E with a written warning about cryptocurrency investment scams.

Wise failed to do this.

If Wise had intervened, would that have made a difference?

As I have taken the view that Payment 2 should have triggered an intervention by Wise, I must now turn to causation. Put simply, I need to consider whether Wise's failure to intervene caused Mr E's losses. To do this, I need to reflect on whether such an intervention (described above) would have likely made any difference. Having done so, I am not persuaded that it would have. I take the view that, on the balance of probabilities, Mr E would have frustrated Wise's attempt to intervene to protect him from financial harm – thus alleviating any concerns Wise had.

I say this for the following reasons.

In the submissions of Mr E's then representatives, it is stated, amongst other things, that Mr E found the fraudsters and their platform to be very professional and genuine. The submissions go on to say that the fraudsters used a United Kingdom telephone number, and that Mr E was in constant contact with the fraudsters over the telephone. Further, the submissions state, *"Your customer [Mr E] felt in control of his trades and he could see where his profit would be. Your customer had never invested before he believe[d] the scammers were very professional and genuine. Therefore, your customer trusted the scammers."* Having considered these submissions, I have no doubt that Mr E was very much taken in by the fraudsters at the time. He likely believed his payments were being made towards a legitimate enterprise.

Mr E made transfers from his account with Halifax to his Wise account. The proceeds of those transfers were used in relation to the scam. In Mr E's own submissions to Wise about when Halifax intervened in one of his attempted transfers, he submitted, amongst other things, *"... This transaction was then questioned by the other banking company [Halifax] who stopped it and sent me to the fraud team. At this point the scammers had already warned me this might happen and groomed me into saying things (lying) that the bank wouldn't worry about the transaction ..."*

Mr E spoke to Halifax several times over the telephone regarding his transfers to his Wise account. I have taken into account what Mr E said during those calls. I have relied on this as an indication as to what Mr E would have likely done had Wise intervened in Payment 2. During one of Mr E's calls with Halifax, he stated that he was making his transfers so he could use his Wise card on a family holiday. However, in reality, Mr E used the proceeds of his transfers towards the scam. In another call, Halifax asked Mr E whether he had been contacted by a third party about an investment opportunity, and whether he had been coached on what to say if there was a bank intervention. Mr E answered no to this. However, in Mr E's submissions to Wise (above) and our service, he has stated the opposite. In another call, Mr E told Halifax he had opened his Wise account after finding some information on the internet. However, in his submissions to Wise and our service, Mr E stated that he opened his Wise account after being advised by the fraudsters.

Mr E's answers to Halifax's questions were not truthful. Mr E's answers were designed to assuage Halifax's concerns about his transfers to Wise. This was because Mr E wanted to continue making his payments without interruption. Given this, I find it unlikely that Mr E would have heeded any written warning provided by Wise regarding Payment 2. It is a striking feature in this case that, to ensure his payments were processed, Mr E deceived Halifax over the telephone. Therefore, I find it likely that Mr E would not have had any issue with frustrating a written intervention from Wise.

In my judgment, the above are a combination of persuasive factors. When taken as a whole, they suggest that had Wise intervened in Payment 2 to protect Mr E from financial harm (in the way described above): it is likely Mr E would have frustrated this intervention – thus alleviating any concerns Wise had.

Mr E's response to the investigator's findings

In response to the investigator's findings, Mr E does not deny what he said to Halifax during the calls concerned. He says, amongst other things, *"I have been told the reason for the decision is because I misled an other bank. Surely what one bank does shouldn't effect the other. They were classed as two different claims (when the solicitor was representing me) ... I feel the decision has been based on assumptions that you believe that because I misled Halifax, I would have also misled Wise Bank."*

I want to make it clear that I have treated Mr E's complaint about Wise and Halifax separately. However, I have, as I mentioned above, relied on Mr E's response to Halifax as an indication as to what Mr E would have likely done had Wise intervened in Payment 2. Given the circumstances of this complaint, it would be remiss of me if I ignored how Mr E responded to Halifax.

Other payment transactions

Other than Payment 2, I have also thought about whether Mr E's other payments should have triggered Wise's fraud detection systems prompting it to intervene. Having done so, I am not persuaded they should have. I say this because of the absence of any significant aggravating factors surrounding those payments. However, even if it could be argued otherwise, I am not persuaded that such interventions would have likely been successful for the same reasons I have set out above regarding Payment 2.

Recovery of funds

Purchasing cryptocurrency/the service of exchanging funds into cryptocurrency is provided by the exchanges (or payment processor to exchange). Therefore, I am not satisfied that there was any reasonable prospect of success had Wise raised a chargeback – under the relevant scheme – on behalf of Mr E.

Vulnerabilities

In the submissions of Mr E's then representatives, it is stated, amongst other things, that prior to the scam Mr E received a low income and had a '*lack of financial circumstances*'. Mr E was under financial pressure to support his family, so decided to start investing.

I have not seen anything to suggest Wise knew or ought to have known about Mr E's personal issues at the time. Therefore, I cannot say that it should have treated Mr E's payments any differently in this respect.

Compensation for distress and/or inconvenience

I have considered whether an award for distress and/or inconvenience is warranted in this matter. Having done so, I am not persuaded that it is. Although Wise did not provide Mr E with a final response letter, I think it managed Mr E's expectations about the likely outcome of his case by way of email sent on 11 July 2023. Further, I have not found any errors in Wise's investigation. Any distress and/or inconvenience Mr E has suffered is a result of the fraudsters' actions – not Wise's.

Wise has stated that it would like to offer Mr E £25.00 as an apology for not providing a final response letter due to their internal backlog. It is up to Mr E whether he would like to accept this offer if he has not done so already.

Conclusion

Taking all the above points together, I do not find that Wise has done anything wrong in the circumstances of this complaint. Therefore, I will not be directing Wise to do anything further.

My final decision

For the reasons set out above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 5 April 2025.

Tony Massiah
Ombudsman