

The complaint

Mr S is unhappy that Wise Payments Limited won't refund payments he made as a result of an investment scam.

What happened

Mr S was the victim of an investment scam involving the following payments from his Wise account, which he opened on 3 November 2023:

Date	Description	Amount
16 November 2023	Payment to an individual 'Z'	£2,230.00
22 November 2023	Payment to an individual 'Y'	£730.00

For both payments, Wise said it showed Mr S a message 'protect yourself from scams' and it asked what the transfer was for from a list of options. One of these options was 'making an investment', but Mr S selected 'paying for goods or services' for both payments. As a result, he was shown related warnings and ultimately chose to go ahead with the payments.

Having realised he'd been scammed, Mr S reported the matter to Wise. It didn't refund the payments, and it didn't uphold his subsequent complaint. In summary, it said it made the payments he told it to which it couldn't cancel, and it tried to warn him beforehand but Mr S didn't truthfully answer its questions about the payments' purpose.

Unhappy with its response, Mr S brought his concerns to us to investigate.

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.

- In broad terms, the starting position is that Wise is expected to process payments that Mr S authorises it to make, in accordance with the Payment Services Regulations 2017. While Mr S was a victim of a cruel scam, it's accepted he authorised the payments. That's means he's presumed liable for the losses in the first instance.
- But, as supported by the terms of the account, that doesn't preclude Wise from making fraud checks before making a payment. And, taking into account regulatory expectations and good industry practice, I'm satisfied that it should fairly and reasonably have done this in some circumstances.
- Here, Wise took additional steps before it made both payments – by asking Mr S what the payments were for and showing him relevant written warnings. Accordingly, it's not a question of whether Wise ought to have stepped in – instead, it's whether its response was proportionate to the risk it identified.
- Overall, I'm persuaded it was. I've considered whether Wise should've gone further than this – for example, by speaking to him to establish the circumstances of the payments. But the account was relatively new, so Wise didn't have a payment history to say that these payments looked particularly unusual. And while I recognise it was a lot for Mr S to lose, the payments weren't particularly significant in value – and they were also relatively infrequent. In these circumstances, I don't think the risk was such that it required a conversation with Mr S. Afterall, Wise must balance protecting him from fraud with its duty to make the payments he tells it to.
- It follows that I find Wise's general approach to these payments – trying to narrow down the scam risk and providing tailored written warnings – was proportionate to the risk.
- I don't think I need to go on and decide whether the exact content of these warnings was good enough. That's because the overall effectiveness of this type of warning relies on Mr S being forthcoming about what the payment is for. Here, the evidence suggests he wouldn't have been. While there was an option that matched his circumstances – 'making an investment' – Wise's records show Mr S selected 'paying for goods and services'. It follows that I don't think he'd have seen anything that was particularly relevant to his circumstances.
- Given the irrelevance, I don't think it's likely that written warnings, however effective, would've changed Mr S's mind about going ahead with the payments. That means that I don't consider Wise can be fairly held liable for failing to stop these payments.
- I have also considered whether Wise ought to have done more to recover the payments. But it's provided evidence to show that by the time it heard about the scam, the money had already been moved on from the beneficiaries' accounts. So I don't think it could've reasonably done more to help get the money back.
- Mr S has also raised Wise's handling of the matter after he reported the scam. I think it could've done some things differently, but I'm mindful he'd the option to escalate matters to our service (which he eventually did via his professional representatives). And moreover, I think the driving force of his upset and frustration was the scam and the outcome of his dispute, which I ultimately think was fair in the circumstances. So I don't make an award to reflect his trouble and upset.

- I realise my decision will be very disappointing for Mr S, who's clearly been the victim of a horrible scam at a difficult period in his life. But for the reasons I've explained, I don't think I can reasonably blame Wise for failing to stop or recover his losses here.

My final decision

For the reasons I've explained, I don't uphold Mr S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 6 May 2025.

Emma Szkolar
Ombudsman