

The complaint

Mr F is being represented by solicitors. He's complaining about Wise Payments Limited because it declined to refund money he lost as a result of fraud.

What happened

Sadly, Mr F was the victim of a cruel cryptocurrency investment scam. He says he was contacted by the scammers after he responded to an advert on social media from a company promoting returns from trading in cryptocurrency. As a result of ongoing contact with the scammers, Mr F made two payments of £250 to the scam direct from his bank in September 2021. The scammers then told him to open an account with Wise, which he did on 27 October 2021, and this account was used to fund the following transfers to a cryptocurrency exchange:

No	Date	Amount £
1	27 Oct 2021	10,000
2	23 Nov 2021	4,000.32
3	23 Nov 2021	4,000.32

The money for the above payments was originally transferred to Wise from an account with Mr F's bank. Once the money had been moved to a cryptocurrency account in his own name with the exchange, it was then transferred to the scammers.

I understand Mr F was directed to download screensharing software that allowed the scammers to help him set up an account with a fake trading website. And that once he was signed up the website, he was able to see a series of fake trades and profits and losses on the account. Mr F says he only realised this was a scam when he tried to withdraw money and wasn't able to.

Mr F has also complained about his bank's role in facilitating the transfer of money to fund the above payments and I've considered that complaint in a separate decision.

My provisional decision

After the complaint was referred to me, I issued my provisional decision setting out why I thought it should be upheld. My reasons were as follows:

In this case, there's no dispute that Mr F authorised the above payments.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, 'authorised' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

This notwithstanding, there are some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these points into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr F.

Payment 1

One of the key features of a Wise account is that it facilitates payments that often involve larger amounts. I'm also conscious this was a new account and there was no history of past activity against which these payments might have been judged suspicious.

Nonetheless, it's my view that a payment of £10,000 on day one, whether or not Wise knew the money was ultimately destined for a cryptocurrency exchange, did warrant an intervention of some sort to ascertain whether Mr F was at risk of harm from fraud. And on some level, it seems that Wise recognised this risk as it was prompted to issue a generic warning that the payment could be a scam and asking him to confirm the purpose. Wise has clarified that Mr F didn't actually select a reason for the payment before it was processed despite this prompt. Instead, it says he left the flow and then came back to process the payment, meaning he didn't see any tailored warnings.

So, on the face of it, Wise was concerned enough to ask about the reason for the payment. Yet its systems allowed Mr F to continue with it without providing an answer. I don't think that should have been possible in circumstances where, for the reasons I've explained, I think there were grounds for thinking he may be at risk of harm from fraud. Once Wise had asked the question, it shouldn't have allowed the payment to continue without an answer and any further intervention that answer warranted.

From the information provided, I've no reason to believe Mr F was trying to hide the reason for the payment. In a telephone conversation with his bank before he transferred the £10,000 to Wise, he said he was investing. And there's nothing in the evidence I've seen from his interactions with the scammers that suggest he was encouraged to lie if asked about the payments he was making. On that basis, I think he would have selected that he was 'making an investment' from the list of available options if he'd been required to make a selection.

Once Wise had been told Mr F was investing, and having thought carefully about the risks this payment presented, I think a proportionate response to that risk would have been for Wise to have attempted to establish the circumstances surrounding the payment before allowing it to debit his account. I think it should have done this by, for example, speaking to him on the phone or directing him to its in-app chat to discuss the payment further.

As part of such a human intervention, I would have expected Wise to ask a lot more detailed questions about the payment. In my view, it would have been appropriate to have asked how long he'd been dealing with the investment company, how he was introduced, whether he was being guided and whether he'd ever actually met anyone from the company. And to have asked about the returns he'd been told he could achieve, whether he'd actually been able to withdraw any money and whether he'd been asked to download screen-sharing software.

As I've said, I don't think there's any reason to believe Mr F wouldn't have been truthful with his answers and I think an appropriately skilled agent would have been able to identify that the circumstances described bore many of the hallmarks of common types of investment scams. Once this had been established, the agent would then have been able to provide a clear and tailored warning about the common features of investment scams, many of which were present in Mr F's situation.

As outlined above, payment 1 was funded by a transfer from Mr F's bank. He's also complained about the actions of the bank in making that payment and it's my view that it should also have done more to warn him about the associated scam risks. The reasons for this view are set out in my decision on the complaint about the bank.

I can't say for certain that an appropriately tailored warning following a human intervention from Wise alone would have been enough to stop Mr F's losses. But if he'd received similar warnings from both his bank and Wise before moving £10,000 into cryptocurrency, I think this would likely have resonated with him such that the scam would have been uncovered. And on balance, that he'd have ultimately decided not to proceed with this course of action.

If a combination of proportionate interventions from Mr F's bank and Wise had uncovered the scam and prevented the £10,000 in payment 1 being transferred to a cryptocurrency exchange, I think it follows that the losses from payments 2 and 3 would also have been prevented.

As I've explained, I think both Mr F's bank and Wise are partly responsible for the losses from the above payments that I believe would most likely have been prevented if they'd both carried out appropriate and proportionate interventions. So it's my current view they should be equally liable for compensating Mr F.

Should Mr F bear any responsibility for his losses?

In considering this point, I've taken into account what the law says about contributory negligence as well as what's fair and reasonable in the circumstances of this complaint.

I've considered the evidence carefully and, while I accept Mr F believed these payments were being made in connection with a legitimate investment opportunity, I'm not persuaded that belief was a reasonable one throughout the course of the scam.

Based on the information he had at the outset, I think Mr F was reasonably entitled to believe he was making a genuine investment. But I'm conscious that by the time of payment 1 above, his representative has said he believed the value of his investment had grown to £10,000 and later reached a value as high as £40,000. In view of the amounts he'd invested and the short space of time involved, I think Mr F should reasonably have questioned whether these returns were too good to be true. In the circumstances, I think he ought to have proceeded only with great caution. If he'd

carried out any further research, for example online searches, I think he'd have quickly discovered his circumstances were similar to those commonly associated with investment fraud. Overall, I think it's fair and reasonable for Wise to make a 50% deduction from the redress payable.

Recovery of funds

I've also looked at whether Wise could or should have done more to try and recover Mr F's losses once it was aware that the payments were the result of fraud.

I understand Mr F didn't notify Wise of the scam until around April 2024, more than two years after the payments were made. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything Wise could have done differently would likely to have led to those payments being recovered successfully after this period of time.

In conclusion

For the reasons I've explained, I don't think Wise acted fairly and reasonably in its dealings with Mr F and I'm currently proposing to uphold this complaint.

The responses to my provisional decision

Mr F accepted my provisional decision.

Wise initially asked further questions about Mr F's telephone conversation with his bank before the payment of £10,000 was transferred to Wise. In response I provided an extract from my provisional decision addressing the complaint against the bank to explain why I didn't believe Mr F had set out to mislead anyone and why I felt an agent asking appropriate questions should have been able to establish what he was actually doing with the money and therefore provide appropriate warnings.

After reviewing this information, Wise confirmed it had nothing further to add.

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, my findings haven't changed from those I set out previously. I haven't necessarily commented on every single point raised. I've concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

It remains my view that if both Wise and Mr F's bank had carried out an appropriate intervention in the journey that took payment 1 from his bank to the scammers - via Wise and a cryptocurrency exchange - the scam would most likely have been uncovered and stopped before the money from this and the later payments was lost. As I can't say for sure at which point the scam would have been stopped, and as I think both businesses failed to intervene in the manner they should have, I find that it's appropriate to split liability between them equally.

Putting things right

The principal aim of any award I make must be to return Mr F to the position he'd now be in but for the errors or inappropriate actions of Wise, while allowing for any responsibility he should reasonably bear. If Wise had carried out an appropriate intervention as I've described, I'm satisfied the scam would have been stopped and Mr F would have retained the money that was lost from the above payments. For the reasons I've explained, I've applied a 50% deduction to the amounts to be refunded in recognition of Mr F's own contribution towards the loss. I also believe it's fair for the remaining liability to be split equally between Wise and Mr F's bank.

To put things right, Wise should pay Mr F compensation of $A + B$, where:

- A = a refund of 25% of each of payments 1 to 3 outlined above; and
- B = simple interest on each amount being refunded in A at 8% per year from the date of the corresponding payment to the date compensation is paid.

Interest is intended to compensate Mr F for the period he was unable to use this money. HM Revenue & Customs (HMRC) requires Wise to deduct tax from any interest. It must provide Mr F with a certificate showing how much tax has been deducted if he asks for one.

I'm satisfied this represents a fair and reasonable settlement of this complaint.

My final decision

My final decision is that I uphold this complaint. Subject to Mr F's acceptance, Wise Payments Limited should now put things right as I've set out above.

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

James Biles
Ombudsman