

The complaint

Mr K complains that Wise Payments Limited won't refund the money he lost when he was the victim of a scam.

What happened

In early 2023, Mr K says a friend of his told him about an investment they'd been making in gold and put him in touch with the person who'd been helping them invest. Mr K then got in touch with this person, who helped him get access to a trading platform where he could monitor his investment and showed him how to make payments to fund it.

Mr K then made a number of payments to fund his investment from several accounts he held, including a payment of £12,000 from his Wise account in September 2023.

Unfortunately, several months later, Mr K tried to withdraw some of the money the platform showed he had made but didn't receive his money. Another bank he was trying to make payments from also spoke to him about the investment he was making and warned him it appeared to be a scam. Mr K then realised he had been the victim of a scam and asked Wise to refund the payment he had made.

Wise investigated, but said it had shown Mr K a warning when he tried to make the payment and had completed the payment as he directed. So it didn't agree to refund the money he had lost. Mr K wasn't satisfied with Wise's response, so referred a complaint to our service.

One of our investigators looked at the complaint. They didn't think Wise had done enough to protect Mr K and that, if it had done more, his loss would have been prevented. But they also thought Mr K should bear some responsibility for his loss. So they recommended Wise should refund 50% of the payment Mr K had made. They also recommended Wise pay Mr K £200 compensation for delays in raising his scam claim. Mr K accepted our investigators recommendation, but Wise disagreed so the complaint has been passed to me.

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 at law is that an Electronic Money Institution ("EMI") such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

And Mr K accepts he made the payment here. So while I recognise he didn't intend for the money to ultimately go to scammers, he did authorise the payment. And so the starting position in law is that Wise was obliged to follow his instructions and make the payment. So Mr K isn't automatically entitled to a refund.

Should Wise have identified that Mr K was at heightened risk of financial harm from fraud when he was making the payment?

Taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that in September 2023 Wise should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

So I've considered whether Wise should have identified that Mr K was at heightened risk of financial harm from fraud as a result of the payment he made here, and did enough to protect him.

I'm satisfied Wise ought to have recognised that Mr K was at heightened risk of financial harm when he made the payment here. This payment was for a significant amount, and for an amount significantly larger than almost any other payment made out of Mr K's account in the previous twelve months. It was also an international payment, and made to a payee Mr K had never sent money to before.

I appreciate Wise has said Mr K had previously made significant payments out of his account for amounts similar to this payment. But the majority of these were for less than half the amount of this payment, and were made to accounts in Mr K's own name or the name of his business that he'd sent a number of payments to previously. And while Mr K had made one larger payment in the previous twelve months, this was also to an account in his own name and which he appears to have sent money to previously. And, in any event, I don't think him making two payments of this size in twelve months means that payments of this size are such usual activity on his account that Wise should no longer identify any risk from them.

So I still think Wise should have identified that Mr K was at heightened risk of financial harm from fraud as a result of the payment he attempted here.

Did Wise do enough to protect Mr K when he was making the payment?

I think a proportionate response to the risk I think Wise should have identified would have been for it to carry out some sort of human intervention with Mr K, asking him a series of questions in order to try to establish the circumstances surrounding the payment and the actual scam risk, and then to provide him with a warning relevant to that risk.

Wise did intervene when Mr K was making the payment, warning him that this could be a scam and asking him to select the purpose of the payment from a list of options. Mr K selected that he was “*making an investment*”, and so Wise then showed him a series of further warnings. It asked him whether someone had reached out to him unexpectedly about the investment, and explained that scammers can call or message with an opportunity and can be very pushy. It also asked him whether the investment sounded too good to be true, and explained that scammers can sell you on a great deal so you rush your decision. And it finally explained that it's hard to get your money back once you send it and, while his answers don't suggest this is a common scam, he should talk to someone first as a second opinion can help him stay safe.

But I don't think the questions Wise asked here were probing or in-depth enough to address the risk I think it should have identified. It didn't ask how Mr K had found out about the investment, and it didn't give any examples of the kind of returns that could be considered too good to be true, so I think the questions it asked lacked the context or depth needed to uncover significant details about the circumstances of the payments. And it didn't ask Mr K for more detail on what he thought he was investing in or how it worked, and didn't ask if he was carrying out the investment himself or was being assisted through it. So I don't think Wise did enough to adequately establish the circumstances surrounding the payment and the actual scam risk.

Would a proportionate intervention have prevented Mr K's loss?

I've thought carefully about whether a more proportionate intervention to attempt to establish the circumstances surrounding this payment would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have.

I've not seen anything to suggest that the person Mr K was speaking to gave him a cover story or told him to lie to any banks that asked him questions about the payments he was making. And Mr K was honest when telling Wise that the payment was for an investment. So I think he would likely have answered any further questions Wise asked accurately as well.

And so if Wise had asked more probing or in-depth questions, similar to those I set out above, I think it would have found out that he was being assisted in making his investment by someone he'd only ever met online and that he thought he was investing in gold. And as these circumstances share a number of hallmarks with common investment scams, I think Wise should then have had significant concern that Mr K was the victim of a scam.

Wise should then have provided Mr K with a warning about the features of common investment scams. And as several of these features were present in the circumstances of his payment, as I explained above, I think it's likely a warning highlighting these features would have resonated with him.

I'm also conscious that it is this kind of intervention, made by another bank Mr K was trying to send money towards the investment from, which ultimately uncovered the scam. Mr K told this other bank that he was investing in gold and being advised by someone he has never met in person. And when that bank warned him he was likely the victim of a scam, Mr K accepted this warning and stopped making payments towards the scam.

Therefore, on the balance of probabilities, if Wise had done more to establish the circumstances surrounding this payment and then provided Mr K with a detailed warning about investment scams – as I think it should have done, I think the scam would have been uncovered and Mr K wouldn't have made any further payments towards it – as happened when the other bank intervened. And so I think it would be fair for Wise to bear some responsibility for the loss Mr K suffered from this payment.

Should Mr K bear any responsibility for his loss?

I've also considered whether it would be fair for Mr K to bear some responsibility for the loss he suffered as a result of this payment. 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 appreciate that this was a sophisticated scam, where Mr K was given access to a trading platform where he could see the returns his investment was supposedly making. But I also think there were a number of things about what was happening and what he was told that should have caused him significant concern.

While Mr K has said a friend told him about this investment, in his communication with the person who was helping him he suggests that he doesn't trust the friend – particularly with regard to money. So I don't think this friend's recommendation or the person helping him's connection to the friend should have been particularly reassuring to him. And, apart from that recommendation, Mr K doesn't appear to have done many checks or seen much information to confirm that the investment was legitimate.

Mr K doesn't appear to have received any documents, paperwork or official communication of any kind relating to the investment. From his communication with the person helping him, Mr K also doesn't seem to have a particularly clear understanding of how he is investing or

how his investment works. And given the amount he was investing, I think it's reasonable to expect this lack of documentation to have caused him some concern and that he should have done more to confirm he understood how the investment worked.

Mr K also received several warnings from Wise and other banks he tried to make payments towards this investment from. And while I don't think Wise's warnings were proportionate to the risk I think it should have identified, as I explained above, I do think the warnings Mr K received should have caused him some concern about the investment he thought he was making.

His communication with the person helping him also shows Mr K was told he could make significant profits in a relatively short space of time, which I think should have caused him concern that what he was being told was too good to be true. And Mr K appears to have had some concerns about whether the investment was too good to be true at some stage, but then not taken significant action to address this concern.

I sympathise with the position Mr K has found himself in and recognise that he has been the victim of a cruel scam. But I think there were a number of things here which should have caused him significant concern, particularly when taken all together. And I don't think he did enough to satisfy those concerns or that the seemingly genuine parts of the scam should have been enough to overcome them.

So I think it would be fair and reasonable for him to also bear some responsibility for the loss he suffered.

Customer Service

Wise has said it didn't raise a scam claim for Mr K when he first reported that he had been the victim of a scam, and only raised a claim around three months later when his representative contacted it again. And I think this delay in raising a scam claim caused Mr K distress and inconvenience.

I think a payment of £200 would be fair and reasonable compensation for the distress and inconvenience this poor customer service caused to Mr K. And so I think Wise should pay him this amount of compensation.

Summary

For the reasons set out above, I think Wise should have identified that Mr K was at risk of financial harm from fraud as a result of the payment he made here. And I think the action I would have expected it to take in response to this risk would have prevented Mr K making the payment, and so losing the money he did. I also think it would be fair for Mr K to bear some responsibility for the money he lost.

So I think Wise should now refund 50% of the money Mr K lost as a result of the £12,000 payment he made in September 2023.

My final decision

I uphold this complaint and require Wise Payment Limited to:

- Refund Mr K 50% the money he lost as a result of this scam – for a total of £6,000
- Pay Mr K 8% simple interest on this refund, from the date of the payment until the date of settlement

- Pay Mr K £200 compensation

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

Alan Millward

Ombudsman