DRN-5551746

The complaint

Miss G is unhappy Wirex Limited won't refund transactions she made as part of a scam.

What happened

In August 2023 Miss G was sent a link by a friend, which had a video about an investment opportunity through a company I'll call "Q". The investment had a celebrity endorsement, as well as a professional looking platform and website. Miss G was promised profits of between £1,000 and £2,000 per week if she deposited £5,000. So she decided to invest.

Q's agent guided Miss G on setting up accounts with Wirex and two other firms using screen sharing software. She opened an e-money account with Wirex Limited, and agreed to the terms for the separate cryptocurrency wallet operated by Wirex's partner company based abroad. Miss G then proceeded to transfer money held with two banks to those new accounts, exchange her funds into cryptocurrency, and withdraw it to an external wallet address that she thought was the trading platform. In a short time Miss G saw her profits grow, and her balance on the platform was up to £22,000 by September 2023.

That encouraged Miss G to invest more – and in September 2023 she sent £5,200 from her bank account to her regulated Wirex account. £5,000 of that was used to buy cryptocurrency from the external exchange, and then withdrawn to the scammer's wallet. In October 2023 Miss G sent £90 to the scam via her Wirex e-money account, and a further £200 was exchanged into cryptocurrency and withdrawn to the platform in November 2023.

Soon after, Miss G noticed that trades were being placed with no 'stop/losses', and her account was quickly drained to zero. At that point she realised she'd been scammed – and reported the matter to the police, who advised contacting the firms involved to assist with recovery. Miss G notified Wirex of the scam in December 2023, and it closed her account in the same month – returning the funds in her wallet (totalling £598.19 once converted back from cryptocurrency) to the originating bank account within a couple of weeks.

Miss G raised a complaint to Wirex about the closure of the account and the handling of the fraud claim, but didn't hear back (Wirex says it didn't receive her original complaint). So she contacted the Financial Ombudsman Service for help. We asked Wirex to issue its final response on the dispute – which it did in May 2024. That response said it wasn't liable in the circumstances as Miss G had authorised the transactions, and it had been her own decision to trade with Q. Miss G wasn't happy with the response to her complaint, and so asked us to look into the matter.

One of our investigators considered everything and thought the complaint should be upheld. She clarified that the cryptocurrency services (including the withdrawals to the scammer's wallet) weren't regulated activities, and had been completed by Wirex's partner company, who was based abroad. So none of the activities undertaken there were within our remit to review. But the investigator believed Wirex ought to have identified Miss G was at risk and intervened to provide a tailored scam warning prior to allowing the £5,000 to go out to the cryptocurrency exchange. According to the investigator, Wirex should have narrowed down on the scam risk present through some (at least automated) questions, in line with its

regulatory responsibilities.

In the investigator's view, the resulting warning would have prompted Miss G to carry out some further research on Q, and see the negative reviews – which would have prevented further loss. The investigator thought Miss G should share responsibility for the loss though, as she'd missed red flags that the investment might not be legitimate. So she recommended a 50% deduction, from the refund of the total loss, to account for the contributory negligence.

Miss G accepted the investigator's view, but Wirex didn't agree and requested an ombudsman reviewed the complaint. In short, Wirex accepted its customer had fallen victim to a scam, but argued the case was outside of our service's jurisdiction as it concerned cryptocurrency services provided by its partner company in Italy. It reiterated that the fraud hadn't occurred from Miss G's Wirex Limited account either, as the transactions to the scammer were made from the cryptocurrency wallet with its partner company. So Wirex believed it had discharged its duty to Miss G, as an e-money provider, by successfully sending her fiat currency to the exchange.

The case was passed to me, and I discussed our jurisdiction in the matter with Wirex – who agreed we could review the payment services that occurred on the regulated UK account, and decide whether more ought to have been done there from a fraud prevention perspective. I wrote to Wirex to explain I agreed with the investigator's outcome, for the same reasons. But I amended the redress calculation to take into account the return of the funds Miss G received in December 2023 (the cryptocurrency remaining in her Wirex wallet that hadn't been lost to the scam). I also indicated that I would be making an award for the impact caused by the account closure – which I didn't consider was fair in the circumstances.

Miss G agreed to the updated calculation, and Wirex also accepted my provisional findings – but requested a final decision be issued anyway.

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.

As the parties have accepted my findings I won't go into great detail again here. But, in summary, I've decided that Wirex should have intervened prior to sending the £5,000 over to the external cryptocurrency exchange to be converted. I find, on balance, that a tailored scam warning would have prevented the loss. I've also concluded that Miss G should fairly share responsibility for that loss, and she too could have taken steps to prevent it.

As a payment services provider, the starting position in law was that Wirex was expected to process any payments that its customer authorised, in accordance with the account terms. Miss G did authorise the transactions in question, as she made and consented to them – albeit with the help of the scammer and for what she thought was a legitimate investment opportunity. But 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. Those together mean I consider Wirex should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were indications its customer might be at risk.

The £5,000 transaction should have concerned Wirex, as it was a large payment going to an external cryptocurrency provider on a newly opened account. I appreciate that because it was a new account, Wirex didn't have a history of usage to compare the transaction to. But by this point Wirex should have been aware of the risks and indicators of multi-stage fraud,

particularly involving cryptocurrency, when considering the scams that its customers might become victim to.

Multi-stage fraud involves money passing through more than one account under the consumer's control before being sent to a fraudster. Our service has seen a significant increase in this type of fraud over the past few years – particularly where the immediate destination of funds is a cryptocurrency wallet held in the consumer's own name. So, even though the transactions to the scammer occurred further down the payment journey (and in cryptocurrency), Wirex ought to have been looking out for the risks of that type of fraud on the e-money account and intervening appropriately. I believe that risk materialised in this case, with the large first transaction Miss G made.

Once Wirex had narrowed in on the relevant scam risk, through automated questions, I think a warning tailored to cryptocurrency investment scams would have likely been shown, based on Miss G's answers. I think she would have been honest about what was happening, as I've seen no evidence of coaching. I consider a warning highlighting the key features of those scams would have resonated too, as the circumstances here involved many of the typical features of them. I find that Miss G would have at least been prompted to carry out further diligence on the opportunity or tried to withdraw the balance in the platform (which she wouldn't have been able to). That research would have returned the negative reviews about it – which I consider would have stopped her continuing (and prevented the loss here).

Miss G has accepted there were red flags she missed, including the returns that ought to have seemed too good to be true, and not seeing the warnings from others online during her initial checks on the investment. The number of accounts opened at different firms to facilitate things, and amount of control she was handing over to the scammers in setting those up, ought to have her concerned her too. So I agree with the 50% deduction the investigator recommended.

I don't think Wirex could have done more to recover the funds, as after the disputed transactions they were sent on from the destination wallet to the scammer in cryptocurrency. I do think some compensation is due to Miss G for the impact caused by the mistakes when handling the fraud claim. Wirex closed the account after it received a fraud report from another firm, but that report had been raised by Miss G – which it could have worked out had it investigated that sufficiently. I've also not seen that she got a clear outcome to her claim before having to raise a complaint, leaving her unsure of what was happening. So to remedy the distress and inconvenience caused by the unfair closing of her account and lack of clear communication about the fraud claim, I've decided Wirex should pay Miss G £150 compensation by way of apology. I'm also applying interest to the fraud refund to account for the time she was deprived of use of those funds.

Putting things right

In order to put things right, Wirex should:

- Refund 50% all of the transactions sent out on the account (after the £598.19 not sent to the scam is deducted from the total loss).
- Apply 8% simple interest yearly to the refund, calculated from the date of the transactions to the date of settlement.
- Pay Miss G £150 for the distress and inconvenience caused by the handling of the claim and closure of the account.

If Wirex considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss G how much it's taken off. It should also give her a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue &

Customs if appropriate.

My final decision

My final decision is I uphold Miss G's complaint in part and direct Wirex Limited to settle the complaint in line with what I've set out under the 'putting things right' heading above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss G to accept or reject my decision before 3 December 2025.

Ryan Miles
Ombudsman