

The complaint

Mr G has complained that Wise Payments Limited ('Wise'), refused to refund money he lost when he fell victim to a scam.

Mr G's complaint is brought to us through a representative but for ease I will refer to their comments as Mr G's.

What happened

Mr G has had an account with Wise for many years and mainly uses it to make international payments.

In September 2024 he read about an investment opportunity through social media and decided to invest. The opportunity involved investing in foreign stocks and shares through a company which was based abroad. Mr G said the company seemed very professional and had a professional looking investment platform as well as an app which showed all his profits.

In October 2024 Mr G made several transfers to an international account belonging to one specific business ('A') as part of his investment. Unfortunately, the investment company he had instructed turned out to be run by scammers and the trading platform and app he was using were also fake and showed fake profits. Mr G's money was never returned to him and he wasn't able to withdraw any of the alleged profits either. Mr G said he realised he had fallen victim to a scam when he asked to withdraw some of his profits but was asked to pay additional fees.

The transactions made were as follows:

Number	Payee	Date	Amount
1	A	10/10/2024	£3,216.92
2	A	14/10/2024	£9,188.83
3	A	15/10/2024	£918.14
4	A	15/10/2024	£9,173.46
Total			£22,497.35

Mr G reported the scam to Wise in October 2024, but it told him this seemed to be a dispute between him and the recipient rather than a scam and said it wasn't able to take further action.

Mr G complained to Wise again via his representatives in January 2025. He said Wise should have intervened and issued him with warnings before he proceeded with the transactions especially bearing in mind the large sums involved and the fact that payments were made to a new, international payee. He asked for a full refund plus interest.

Wise considered the complaint and agreed that payments 2 to 4 were out of character bearing in mind how the account was used previously. It said warnings should have been issued and agreed to refund those payments. But it said Mr G should share some of the responsibility. It also noted that the funds were transferred to Mr G's Wise account from his bank account with bank H and said that H should also share some of the responsibility. It offered to pay 25% of Mr G's losses from payment 2 and proposed for H to also pay 25% meaning Mr G would be responsible for the remaining 50%. It, therefore, offered to refund Mr G £4,820.11.

Mr G wasn't happy with Wise's offer and brought his complaint to our service, where it was reviewed by one of our investigators. Our investigator agreed that Wise should have intervened before payment 2 and that Mr G should share equally in the responsibility with Wise for payment 2 and 3. However for payment 4 she considered that Wise and H should be responsible for 33% each and Mr G for the remaining 34%.

Wise didn't agree and asked for an ombudsman's decision. It insisted that H should also share some of the responsibility for payments 2 and 3.

The matter was then passed to me to decide.

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.

I understand that Mr G has made a separate complaint about the transactions which were made through his bank account with H which was reviewed by our investigator. I won't be able to comment on that complaint as in this decision I am purely looking at Wise's actions.

In deciding what's fair and reasonable, I am required to take into account relevant law and regulations, guidance and standards, codes of practice, regulators' rules and where appropriate, I must also take into account what I consider to have been good industry practice at the time.

The starting position in law is that an electronic money institution such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations 2017 and the terms and conditions of the customer's account. Mr G accepts that he authorised all the payments in question and so he is presumed liable for them in the first instance – even though he may at some point have believed he was making a genuine investment. However, that isn't the end of the story.

It isn't in dispute that Mr G was the victim of a scam and where the customer made the payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the bank to reimburse the customer even though they authorised the payments.

In summary, I consider it fair and reasonable that in October 2024 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 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.

Should Wise have intervened and when?

Whilst electronic money institutions have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction.

Payment 1

I've considered Mr G's statements from 2020 and I can see that there were some relatively large transactions (around £5,000) sent over the years, but most were mainly to accounts belonging to Mr G and not to third party businesses. I also note that Mr G declared that the account was set up to send money to friends or family.

Nevertheless, in deciding whether Wise should have intervened before payment 1, I've also borne in mind that this was an international payment to a new payee but it was also the first payment and so a pattern hadn't yet begun to form. Also the fact that it was an international payment wasn't unusual as this is what Mr G mainly used his Wise account for. Furthermore, though I appreciate £3,216.92 may be a large sum of money for many people, for Wise who deals with large volumes of transactions each day this isn't necessarily the case. A balance has to be struck and, as I said above, it isn't possible for Wise to be involved in every transaction. So, on balance, I don't think Wise needed to intervene before the first payment.

Payments 2-4

I won't go into detail as Wise now accepts that it should have intervened before payments 2,3 and 4 and I agree. Payments 2 and 4 were relatively large, certainly larger than previous transactions made from this account, and they were made in fairly quick succession - so a

pattern had begun to form. Wise has offered to refund those payments, subject to Mr G and H sharing some of the responsibility with it.

How should responsibility be shared between the parties?

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 the complaint.

I recognise that there were relatively sophisticated aspects to this scam including the seemingly professional, though fake, platform and app the scammers used as well as the documentation Mr G says he was provided with.

But on balance I think a deduction (from payment two onwards) is fair and reasonable in all the circumstances of this case. I think the fact that Mr G found out about the investment opportunity through social media and was contacted by the scammers through a messaging app, as well as being promised returns which seemed too good to be true, should have raised alarm bells. Also looking at his conversations with the scammers, he was given information which, in my view, should have raised suspicions; such as telling him not to tell Wise that the purpose for the payments was for an investment. Furthermore, though the transactions Mr G has complained about were to one specific business, from his chats with the scammers it seems he was given a different account name to deposit funds to every few days.

My intention is not to further Mr G's distress where he's already been a victim of a cruel scam. But merely to highlight that I do find he could have done more to verify the validity of the person/organisation he was communicating with and the proposals they were making. And this would have ultimately prevented his own loss.

For these reasons, I consider it fair to reduce the amount Wise pays Mr G. And I think for payments 2 and 3 the responsibility should be shared equally between Wise and Mr G.

Mr G's bank has accepted it is responsible for some of Mr G's losses, namely payment 4. I've taken this into account when working out what is fair. And with this in mind I am satisfied that Mr G, Wise and H, should share responsibility for the losses relating to payment 4.

Wise believes that H should also share responsibility for payments 2 and 3. As I said above, in this decision I am not considering what H has or hasn't done. But what I will say is that the same considerations don't necessarily apply to each party. For example, whereas Wise was dealing with payments made to a newly set-up international payee (which was ultimately the scammer's account), H was dealing with transfers Mr G was making to his own long-standing Wise account – so had much less information available to it to ascertain Mr G was falling victim to a scam. I think the level of risk involved in those two scenarios would be different.

Potential for recovery

I've gone on to consider whether Wise should have done more to recover Mr G's funds, even if it had taken action in October 2024, but I don't think that would have been possible. As Wise has said, the fact that the transfers were to an international account makes them

harder to trace and recover. International banks aren't bound by the same rules and regulations as banks within the UK. Wise is reliant upon the international bank choosing to return funds. It can't require or force them to and unfortunately no funds have been returned. Also, as I said above, Mr G was provided with different bank accounts to transfer funds to; even though the ones he has complained about were to the same account; which suggests that the scammers were most likely very quickly moving funds to different accounts or closing existing accounts and setting up new ones- making the funds harder to trace.

My final decision

For the reasons above, I have decided to uphold this complaint. Wise Payments Limited should refund Mr G 50% of payments 2 and 3 and 33% of payment 4 less any payments it has already made to him. It should also pay him 8% simple interest per year on the amount it pays him from the date each payment was made to the date it pays him back.

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 11 December 2025.

Anastasia Serdari
Ombudsman