

## The complaint

Mr S complains that Wise Payments Limited didn't do enough to protect him from the financial harm caused by an investment scam, or to help him recover the money once he'd reported the scam to it.

## What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr S was referred by a colleague to an opportunity invest in forex with Company D, Company E and Company A. Satisfied that the colleague had withdrawn from the investment and that the returns weren't unrealistic, he transferred funds from Bank L to Wise, and between 17 June 2020 and 12 June 2021, he made four international transfers from Wise to three different accounts totalling £34,201.42.

In 2024, Mr S complained to Wise with the assistance of a representative who said it should refund his losses under the Contingent Reimbursement Model (CRM) Code. They also said Wise allowed the payments to be processed without raising any concerns and that it failed to give effective warnings. But Wise refused to refund any of the money and so Mr S complained to this service.

Responding to the complaint, Wise explained that Mr S opened the account on 17 June 2020, and he wasn't shown any scam warnings. It said there was no spending history to compare the payments with and even though the amounts were significant, the transfers were made over a period of a year.

Wise further stated that if it had intervened, Mr S would have explained that he was dealing with registered companies, he'd received returns, and Company D had an online presence and offered services which were consistent with the payment, all of which were strong indicators that the investment was genuine. So, it wouldn't have been able to stop him from making the payments.

Finally, it said Mr S didn't report the payments until December 2024, which was over three and a half years since the final transfer was made. It did send payment recall requests, but it didn't receive a response.

Our investigator didn't think the complaint should be upheld. He explained that Company D was registered on Company's House, and he was unable to find anything negative about it online. So, he wasn't satisfied Mr S had shown he'd lost money to a scam. And he didn't think questions and warnings from Wise would have made any difference because there was nothing suspicious about the way Mr S found the investment, he received significant returns, and he wasn't under pressure to make further payments. So, there would have been no reason for Wise to think he was being scammed. And he didn't think any scam warnings would have stopped him from making the payments.

Finally, he noted that as the payments were sent to international accounts, it would be very unlikely that recovery would have been successful. And Mr S contacted Wise several years after making the payments, so it was unlikely that any funds would have remained. And he didn't think he was entitled to any compensation.

Mr S has asked for his complaint to be reviewed by an Ombudsman. His representative has argued that J used unethical or misleading promotional methods, and Mr S was vulnerable due to his inexperience. So even though he had received returns, an intervention might have mitigated his loss.

### **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, I've reached the same conclusion as our investigator. And for largely the same reasons. I'm sorry to hear that Mr S has been the victim of a cruel scam. I know he feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

I'm satisfied Mr S 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr S is presumed liable for the loss in the first instance.

Not every complaint referred to us and categorised as an investment scam is in fact a scam. Some cases simply involve high-risk unregulated investments that resulted in disappointing returns or losses. Some of these investments may have been promoted using sales methods that were arguably unethical and/or misleading. However, while customers who lost out may understandably regard such acts or omissions as fraudulent, they do not necessarily meet the high legal threshold or burden of proof for fraud, i.e. dishonestly making a false representation and/or failing to disclose information with the intention of making a gain for himself or of causing loss to another or exposing another to the risk of loss (Fraud Act 2006).

Even though the companies Mr S was dealing with were registered companies, none of them were regulated to provide financial services, which is a red flag for fraud and indicates they might have been operating illegally. This is because legitimate firms tend to comply with regulatory requirements. However, none of companies are on the FCA or IOSCO warning lists, I haven't seen any evidence from other sources that they were operating scams, and some of the common scam hallmarks aren't present. It's also significant that Mr S received £17,500 back from the investment between May 2021 and July 2021 – which is over half of his investment and isn't consistent with him having been scammed.

However, I don't need to make a finding on whether this was a scam because, while I accept that Wise ought to have intervened before the first payment, I don't think this would have stopped him going ahead with the investment. Mr S believed the investment was genuine and there's no evidence of coaching, and so I'm confident that he would have told Wise that he was investing in forex with Company D, in response to which I'd expect it to have told him to look into whether the company was regulated to provide financial service, and advised him that it might indicate it was operating illegally if it was not.

I've no reason to think Mr S wouldn't have listened to advice from his bank to do more checks, but in the absence of any warnings about Company D on the FCA or IOSCO websites, or anything else to suggest it was operating a scam, I think Mr S would have looked at Company D's website and the professional looking paperwork, and been

reassured by his friend who was pleased with his investment and had been able to withdraw funds. And as there were no other concerning factors present – he wasn't cold called, he hadn't been advised to borrow money or take out loans, and he hadn't been asked to use remote access software - I think he'd have proceeded with the payment.

I've considered whether there were any further opportunities to intervene, and I think based on the value of the payment and the fact Mr S was paying a new payee, Wise might reasonably have been concerned about the third payment for £13,907.90. But I think a further conversation would have had the same result, especially as by this time Mr S had received significant returns, which would have satisfied him that the investment was genuine. So, I don't think this was a missed opportunity to have stopped the scam.

### *Recovery*

I don't think there was a realistic prospect of a successful recovery because of the time that had passed between the final payment and the reporting of the loss, and the fact the funds had been sent to international payees.

### *Compensation*

I haven't found any errors or delays to Wise's investigation, so I don't think Mr B is entitled to any compensation.

For the reasons I've explained, I don't think Wise has done anything wrong and so I can't fairly tell it to do anything further to resolve this complaint.

### **My final decision**

For the reasons I've outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 9 January 2026.

Carolyn Bonnell  
**Ombudsman**