

The complaint

Ms G complains that Wirex Limited won't refund payments she made as part of a scam.

Ms G brings her complaint through representatives, but for simplicity I've referred to the actions of Ms G throughout.

What happened

In 2023 Ms G came across an advert for a cryptocurrency investment opportunity, offered by a company I'll call "T". She left her details and was contacted by brokers for T, who helped her set up an account with the platform using screensharing software. Ms G was told she needed to invest with cryptocurrency, so she opened an account with Wirex to exchange her funds before sending them on.

On the same day (10 May 2023) Ms G deposited £200 in her Wirex e-money wallet, then the following morning a further £5,000 was sent to that account. She exchanged £5,123.15 into cryptocurrency a short while after the second deposit and requested a withdrawal to an external wallet. Before allowing that, Wirex carried out some further verification checks on Ms G – which meant the withdrawal didn't happen until 31 May 2023. Once the cryptocurrency transaction completed, the brokers cut contact and Ms G could no longer access the platform. So she realised she'd been scammed.

In August 2023 Wirex was notified of the scam, and closed Ms G's account without notice. She complained to Wirex about what happened, saying it ought to have carried out fraud checks and given a warning. Ms G also highlighted her vulnerability at the time of the scam transactions, due to being in an abusive relationship – which was why she had been looking for a passive income stream, to facilitate an escape, and hadn't been able to raise matters sooner. Wirex issued its final response at the end of October 2023, and said it was able to suspend the account without prior notice according to the terms – and it was unable to provide any information about the transactions she completed due to security reasons.

Ms G wasn't happy with the response and so referred her complaint to our service for review. Wirex disputed our service had jurisdiction to consider the matter, as cryptocurrency withdrawals weren't regulated by the Financial Conduct Authority. One of our investigators thought aspects of what happened did fall within our remit, particularly the regulated activity on the e-money account. In the investigator's view, Wirex ought to have provided a cryptocurrency investment scam warning prior to the funds being sent to the separate entity based abroad operating the cryptocurrency exchange. Had that happened she thought Ms G wouldn't have exchanged her funds, and the loss would have been prevented. The investigator thought Ms G ought to share responsibility for the loss though.

Wirex didn't agree with the investigator's opinion, and requested an ombudsman reconsider the complaint. Initially Wirex maintained its position the complaint wasn't one we could consider – but after I explained the activities we could look at, it agreed we had authority to review whether it should have done more to prevent the scam on the e-money account. I then set out my provisional thoughts that a warning should have been given once the request to send funds to the cryptocurrency exchange was received, which I thought would

have worked to prevent further loss. I didn't, however, find that Ms G had acted negligently in the circumstances, so I wasn't planning to reduce the award. I also believed £100 compensation was due for the impact of closing Ms G's account unfairly.

I've copied below the part of those provisional findings covering my rationale for that outcome:

"The starting position for large transactions being sent to cryptocurrency exchanges in 2023 (where that isn't typical behaviour for the customer) is that we'd expect a tailored scam warning, highlighting the key features of cryptocurrency investment scams (the most prominent crypto related scam at this point), to be given prior to allowing it. The amount being sent in this case, on a new account, to the Italian cryptocurrency entity (more than £5,000) I think sufficiently indicated the customer was at risk of financial harm from fraud to qualify for a warning being shown.

I appreciate cryptocurrency activities have some regulatory supervision in Italy, but that appears to be more related to AML type monitoring, and I'm not sure that was in place at that the time of this transaction. Once the funds leave the e-money account, and are exchanged/sent on as cryptocurrency, they are then far harder to recover, and there's less protection if things go wrong – so a warning preventing the funds being sent to the exchange in the first place offers the best chance of preventing the loss in the case of scams. I appreciate Wirex confirmed her identity at various points and checked she was making the transactions, but I don't think those checks were sufficient substitutes for a tailored scam warning. Ultimately our position is that a warning should occur when the potential scam risk materialises, and in this case that's when Ms G requested to send funds to an external cryptocurrency exchange.

I can't see that Ms G was shown a warning tailored towards the risks of cryptocurrency investment scams, highlighting the key features of those scams, prior to her funds being sent to Wirex Digital Services (or at any other point) – but please correct me if that's not right. So I need to decide what would most likely have happened if one had been shown when I think it should have. Having done so, I think she'd have likely reacted positively to a warning, and not gone ahead with the exchange. That's because I'd have expected a good scam warning to highlight things like use of screensharing software like AnyDesk, adverts on social media, not being FCA regulated, high returns in a short period (among other things) as indicators it could be a scam. All of those things were true of Ms G's circumstances, and her scenario was very typical for these types of scams, so I'd have expected a warning to resonate and speak to her situation. I appreciate she didn't actually withdraw the cryptocurrency until some time later, due in part to the checks Wirex carried out, but I think a warning would have stopped her from going ahead with the exchange in the first place.

I disagree with the investigator that Ms G acted negligently, so I'm planning to uphold the complaint without the 50% deduction, and direct Wirex to refund the full amount she sent/lost. The investigator cited the use of AnyDesk as something that ought to have concerned her, but I think she'd have taken that to be helpful rather than a risk. She also mentioned the need to set up a new account as a potential red flag, but again I don't see why that ought to have been overly worrying for Ms G – Wirex advertises itself as crypto-friendly, and she was looking to separate her finances from an abusive partner, so I think opening Wirex accounts for the investment likely made sense. It seems Ms G did go through an onboarding process with the scam platform, so I think the 'no agreement/contract' reason given in the view is an error. By the time she came to make the transaction that ought to have triggered a warning I do think the returns she was already seeing in a short space of time were very high. That was on a much smaller initial investment amount, so I don't think it was quite as stark by that point – but I still think the initial returns ought to have been a red flag for her. That one missed warning sign on her part I don't think amounts to contributory

negligence in the circumstances, to the point that it would be fair to hold her equally liable with Wirex for the loss. I also think her vulnerable circumstances meant she was less able to manage and recognise the risks herself.

Looking at Wirex's final response to the complaint, it also addresses the closure of the account, and cites a particular term as justification for that ("We may immediately end your use of the Wirex Service and close your Wirex Profile and Multicurrency Account if: we discover that you have provided us with false or misleading information or otherwise acted fraudulently, including during the AML / KYC verification process"). I haven't seen that Ms G provided Wirex with false or misleading information, or that she acted fraudulently (she was tricked into making the transactions, so didn't knowingly deceive Wirex). I accept Wirex can close accounts with or without notice, depending on the circumstances, and doesn't have to explain the reasons to customers. I also accept it can decide whether an account represents too much risk for it to want to continue with the relationship, but it can't act unfairly when doing so. Here it seems Wirex has decided Ms G is outside of its risk appetite as a customer, because was the victim of a scam – when the risk it's referring to is one it ought to have protected her from, and isn't a risk of her own creation (she was an unwitting victim of fraud). So, based on what I've seen so far, I don't think the account was closed fairly.

Ms G was also very vulnerable when this all happened – she was experiencing domestic abuse, and might have needed a separate account in her own name to facilitate an escape from her situation (which was why she was attempting to earn extra money through investing in the first place). I appreciate Wirex wasn't aware of her circumstances, but it seems it closed her account without good cause – and it's entirely foreseeable that closing someone's account without notice could have serious consequences for them. While I don't think the account was closed fairly, Ms G doesn't want to have an account with Wirex going forward, so I don't plan to interfere with her wishes there. I do plan to award a small amount of compensation though (£100), to address the impact that closing her account without notice would have caused when she reached out to it for help as the victim of a scam – and how that would have made her feel (that she was the one being punished), particularly given how vulnerable she was anyway at the time. There's been some reference to a photograph of her taken during the ID checks, and that she would have visibly looked vulnerable – we haven't been shown that picture as far as I can see, and the investigator hasn't made a finding on it in her view, so it doesn't change things in this case.

So, in summary, I've provisionally reached a different opinion to the investigator – I'm intending to refund the loss that could have been prevented with a warning being shown prior to the funds being sent to the cryptocurrency exchange (so the amount withdrawn after that point, plus any fees charged), with 8% simple interest yearly applied to that refund from the date of the withdrawal to the date of settlement (to account for the time she was deprived of use of those funds), plus £100 compensation for the impact of the account closure."

Ms G responded to say she agreed to my findings. Wirex did not accept my provisional decision. In summary, it said:

- There is case law relevant to determining the duty of care owed to its customers – and that said "If a duty of care is deemed to be owed then it must then be established that a breach of that duty has occurred. A breach will be demonstrated if the defendant's actions are deemed to fall below the standard of care which is regarded as appropriate to the duty owed".
- Ms G did not inform Wirex she was vulnerable, and there were no indications of her circumstances, so it can't be argued that it owed her a duty of care in respect of that vulnerability.
- Ms G had agreed to abide by the terms, which contain provisions to cover the risks of engaging in cryptocurrency activity.

- It wished to draw my attention to the following terms particularly - *'if you do not agree to these terms do not use our service'* and *'Do not buy cryptoassets if you do not accept the risks associated with cryptoassets,'* and *'You must make sure the details and address of the crypto wallet that you provide to us when you withdraw any cryptoassets are correct. You will not be able to reverse a transfer of cryptoassets that you have initiated through the Wirex Service. Transferring cryptoassets to the wrong address could mean that those cryptoassets will be permanently lost.'*
- In light of the information it gave about the controls it has in place, and that Ms G was in full control of her own account, it disagreed that she had no responsibility in what happened.
- Given the lack of risk warning provided at the time of the payments Wirex agreed to refunding 50% of the 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'm upholding Ms G's complaint, without a deduction for contributory negligence, for the same reasons I gave in my provisional findings. Wirex's further submissions haven't persuaded me to depart from the conclusions I reached.

Wirex has mentioned its duty towards Ms G, and (in broad terms) the starting position in law is that a payment services provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Ms G 'authorised' the transactions in question (she made them), albeit under the belief they were for a legitimate investment opportunity. So Wirex were under an obligation to process the payments – but that isn't the end of the story, as far as Wirex's responsibility in the matter goes.

While that's the starting position, 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. We detail the basis of the longstanding regulatory expectation to monitor for signs of fraud on our website, so I won't repeat that here. I've also applied Wirex's terms for the account, which said it could refuse to complete transactions where it suspected fraud. Those together mean I consider Wirex should fairly and reasonably have been on the lookout for the possibility of Authorised Push Payment (APP) fraud at the time, and intervened if there were clear indications its customer might be at risk.

Wirex has a difficult balance to strike in how it configures its systems. It needs to detect unusual activity, or activity that might otherwise indicate a higher than usual risk of fraud, whilst not unduly hindering legitimate transactions. There are many millions of payments made each day, and it would not be possible or reasonable to expect firms to check each one. In situations where firms do (or ought to) carry out checks, I would expect that intervention to be proportionate to the circumstances of the payment.

In this case I've said a cryptocurrency investment scam warning should have been given prior to sending the large payment over to the cryptocurrency exchange to be converted. I've also set out why I think, on balance, that would have resonated and prevented the loss in my provisional findings. I don't think the terms Wirex has pointed to, vaguely warning about the hazards involved with cryptocurrency, were a sufficient substitute for a tailored scam warning at the point the risk of financial harm materialised.

I haven't said Wirex ought to have picked up that Ms G was vulnerable due to being in an abusive relationship – so it didn't owe a particular duty to make adjustments for those

circumstances. What I've said is it treated her unfairly by closing her account, at a time when it knew she'd just fallen victim to a scam. Based on the duty Wirex had towards Ms G as a customer, there was a great deal of potential harm foreseeable by 'debanking' someone incorrectly without notice. Wirex would know that customers open accounts for reasons of escaping domestic violence, and that it wouldn't always be aware that's the case. It didn't ask about that during the application, and it wouldn't be something a victim is always able to easily declare, for safety reasons. In this case I've decided the impact caused by Wirex's mistake should be put right with an additional compensation payment of £100 – for the reasons I set out in my provisional findings.

Wirex has since offered to pay half of the loss, as it believes Ms G acted negligently in the scam – seemingly because she was in full control of the account. I don't agree with Wirex's assessment of Ms responsibility in what happened – and I set out previously, in some detail, my considerations on whether contributory negligence applied in this case, so I won't repeat those. I've also factored in her vulnerability when deciding how able she was to manage the risks involved, and overall I don't think it would be fair or reasonable to reduce the award in the circumstances, due to her actions. Ms G was the unwitting victim of a cruel and sophisticated scam, at a point where she was under serious external pressures, and her actions must be viewed in that light.

Putting things right

For the reasons I've explained, I'm directing Wirex to put right the complaint by:

- Refunding the amount withdrawn in cryptocurrency to the scammer (the loss resulting from the failure to provide a scam warning at the point the funds were sent to the cryptocurrency exchange). That includes any charges applied to the converted amount, less anything sent back to her since. The refund amount should be the equivalent in pounds of the cryptocurrency sent, with the exchange calculated on the day of the loss (not based on the value of the cryptocurrency today).
- Applying 8% simple interest yearly to that refund amount, calculated from the date of loss until the date of settlement. If Wirex considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Ms 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.
- Paying Ms G £100 compensation for the distress and inconvenience caused by the account closure.

My final decision

My final decision is I uphold Ms G's complaint about Wirex Limited and direct it to settle the dispute as I've set out above (in the 'putting things right' section).

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms G to accept or reject my decision before 9 September 2025.

Ryan Miles
Ombudsman