

The complaint

Mrs N complains Wise Payments Limited won't refund money she lost as part of a crypto investment scam.

Mrs N is being supported in making her complaint by a representative, but for ease, I'll refer to Mrs N throughout this decision.

What happened

Mrs N said she saw an advert for a company (which I'll refer to here as 'C') on social media about investing in crypto. She said the advert featured a well-known TV celebrity. Mrs N explained that she contacted the Financial Conduct Authority (FCA) who advised her not to engage further with 'C'.

Mrs N relayed this information to 'C' who assured her it was regulated in Germany. She later received an email, purporting to be from the FCA, confirming this to the case. This email later turned out to be fake.

Mrs N was also provided with a brokerage agreement between her and 'C' – where it stated she could expect monthly returns of 20%. The agreement also confirmed that Mrs N's investment was "insured" by the FCA.

Mrs N decided to invest with 'C' and initially tried to make payments from her Wise account and from an account she held with another banking provider (which I'll refer to her as Bank L') to a legitimate crypto exchange; but these were blocked. Wise explained to Mrs N that it doesn't allow payments to crypto exchanges. On relaying this information to 'C', Mrs N was advised to instead make payments towards her investment direct to individuals.

Mrs N made the following faster payments:

Date	Amount
12 May 2023	£876
24 June 2023	£5,000
24 June 2023	£433.99
25 July 2023	£5,000
28 August 2023	£13,000
29 August 2023	£15,000
29 August 2023	£12,200
30 August 2023	£3,700
6 September 2023	£12,000
7 September 2023	€3,520
Total	£67,209.99 + €3,520

None of the payments flagged with Wise as suspicious, but it did ask Mrs N for the payment purpose for seven of the payments. Mrs N selected '*making an investment*' for the first two

payments and '*sending money to friends and family*' for the last five payments. Wise presented Mrs N with the associated written warnings based on the payment purposes selected. She then chose to proceed with the payments.

Mrs N has said she started to suspect she'd been scammed when 'C' kept asking her to make payments to cover fees and she discussed the situation with a friend.

Mrs N reported the matter to Wise on 18 September 2023. It attempted to recover the funds, but this was unsuccessful. Wise added that it didn't consider the payments to be at odds with Mrs N's normal account activity, and that she hadn't provided the correct payment purpose for some of the payments. Wise also questioned whether Mrs N had carried out sufficient due diligence into 'C' before deciding to invest.

Unhappy with Wise's response, Mrs N referred her complaint to the Financial Ombudsman. She wanted her money returned, together with 8% interest and £300 compensation.

One of our Investigators considered the complaint but didn't uphold it. In summary, he said Wise should've intervened in the first payment made on 29 August 2023 (£15,000) by asking Mrs N questions to understand more about the payment purpose and providing her with a tailored written warning about the risks associated with that payment. But he didn't think Mrs N would've been honest with Wise or that a tailored warning would've resonated enough with Mrs N to have prevented her loss.

Our Investigator also thought there was nothing more Wise could've done to recover the lost funds given the time that had passed at the point Mrs N reported the scam. And he didn't think there was any justification for Wise to provide Mrs N with compensation.

Mrs N disagreed and asked for an Ombudsman's final decision. Essentially, she thought Wise should've flagged the first £5,000 payment as suspicious and spoken to her about it. And that if it had checked the FCA register, it would've come to light that the email sent by the FCA about 'C' being regulated in Germany was fake.

Mrs N also didn't accept our Investigator's view that she wouldn't have been honest with Wise if it had questioned her in person about the payments. She further argued that she'd not been coached by 'C' as to how to respond to a human intervention by Wise. And the fact she'd picked the payment purpose of 'investment' for the first two payments; with no input from 'C', showed that she would've been honest with Wise and the scam would've been uncovered.

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'll explain why.

But first, I would like to say that if there is a submission I've not addressed; it isn't because I have ignored the point. It is simply because my findings focus on what I consider to be the central issues in this complaint – that being whether Wise was responsible for Mrs N's loss.

As a starting point, Mrs N doesn't dispute that the payments were made in line with her instructions to Wise. So, although she didn't intend the money to go to the scammers and believed that her money was going to a legitimate investment, under the PSRs and the terms of her account, Mrs N is presumed liable for her loss in the first instance.

However, taking into account the regulatory rules and guidance including the Consumer Duty, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Wise to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

The question then arises whether Wise ought reasonably to have held such suspicions or concerns in relation to Mrs N's payments (individually or collectively) — and if so, what might have been expected from a proportionate intervention.

So, taking all of this into account, I need to decide if Wise acted fairly and reasonably in its dealings with Mrs N when she made the payments. Specifically, whether it should've done more than it did before processing the payments – and if it had, would that have made a difference. I also need to decide if Wise could've reasonably recovered the lost funds.

Should Wise have intervened in the payments?

When considering this point, I've kept in mind that EMIs (like Wise) process high volumes of transactions each day, and that there is a balance for Wise to find between allowing customers to be able to use their accounts and questioning transactions to confirm they're legitimate.

I agree with our Investigator that the first four payments wouldn't have been of obvious concern to Wise. They're made over a period of more than two months, don't sequentially increase in value, and are made to different payees – none of which had any obvious links to high risk crypto.

I appreciate that the two £5,000 payments are of a higher value – but it isn't unusual for customers to make larger, one-off payments from time to time to new payees as part of normal account activity. Further to that, the two £5,000 payments are made a month apart, and from looking at Mrs N's account activity for the two years prior, I can see that she regularly made payments of a similar amount – and higher - to the £5,000 payments.

I accept that the £13,000 payment made on 28 August 2023 is higher than most previous payments made by Mrs N in the preceding two years, but this payment wasn't significantly higher than previous payments made by Mrs N, who I can see often made payments to new payees. It was also made a month after the last disputed payment. And as I've said above, it isn't unusual for customers to make a larger one-off payment to a new payee as part of normal account activity.

Mrs N then made a £15,000 payment a day later. Given the pattern that was now emerging, the fact she'd transferred £28,000 in 24 hours to the same new payee, and that payments were increasing in value; I think Wise had enough information at this point to identify that Mrs N was at possible risk of financial harm.

Wise asked Mrs N for the purpose for the £15,000 payment; to which she selected '*sending money to friends or family*' after which Wise provided her with the associated warning related to that response. But given the potential risk I believe this payment presented, I think Wise should've gone further here by asking Mrs N a series of questions to allow it to fully understand the purpose of the £15,000 payment and the scam she was likely falling victim to. Wise should've then provided appropriate tailored warnings to Mrs N.

Mrs N has argued that this payment warranted a human intervention by Wise, given the risk it presented. And arguably, given its size and depending on the responses Mrs N provided to Wise's questions, a conversation between Wise and Mrs N (either in person or via its chat

function) before the payment was processed might've been a proportionate intervention here.

But, as I go on explain, I'm not persuaded that *any* level of intervention by Wise in Mrs N's £15,000 payment would've likely, on balance, prevented her loss.

Would intervention by Wise have prevented Mrs N's loss?

For me to find it fair and reasonable that Wise should refund the payments to Mrs N, it requires more than a finding that it should've done more to intervene when the £15,000 payment was made. I would need to find not only that Wise should've intervened where it ought reasonably to have done so — but crucially, I'd need to find that but for this failure, the subsequent loss would've been avoided.

That latter element concerns causation. A proportionate intervention will not always result in the prevention of a payment. And if I find it more likely than not that such a proportionate intervention by Wise wouldn't have revealed the £15,000 payment was part of a fraud or scam, then I couldn't fairly hold it liable for not having prevented it from being made.

I've thought very carefully about this point and taken account of all the wider surrounding circumstances to decide, on balance, what is most likely to have happened if Wise had provided Mrs N with a tailored written warning specific to crypto investment scams or spoken to her before processing the £15,000 payment. And on doing so, I'm not persuaded that this would've made a difference and prevented Mrs N's loss.

One of the main points in contention here is whether Mrs N is likely to have been honest with Wise if it had questioned her about the £15,000 payment. This is a difficult point to prove conclusively, so I've had to decide what is most likely, on balance, to have happened.

Mrs N didn't select the correct purpose for this payment, saying she picked what she was "*used to ticking on other banking apps*". But she hasn't said she was told by 'C' to mislead Wise, and she did pick the correct payment purpose of '*making an investment*' for the first two payments. So, I don't think Mrs N's actions here demonstrate a clear intent to consistently mislead Wise.

I've also looked at the chat history between Mrs N and 'C' around the time of the £15,000 payment. There're discussions around the best way to transfer the money – in batches or in one larger payment, using both her Wise account and her account with Bank L. And Mrs N specifically says she doesn't want the payment to set off "*alarm bells*". Mrs N also asks 'C' for advice on who to make the payments to when Wise blocks payments to the crypto exchange. Whilst all this suggests there's a trusting rapport between Mrs N and 'C' and that she's keen for the payments to go through, I've not seen evidence that she was explicitly coached by 'C' as to how to respond to any warnings she might receive from either Wise or Bank L.

Another key piece of evidence here is a phone conversation that Mrs N had with Bank L. Back in May 2023, when Mrs N had only invested £200 with 'C', she tells Bank L, of her own volition, that she is investing with 'C' in crypto and asks whether this is safe. She expresses some concern about the interaction she's had with 'C', and is advised by Bank L not to proceed without carrying out more research, particularly given the risks associated with crypto. Mrs N confirms that she will not pay any more and will "*keep an eye*" on it. She adds that her partner lost money to crypto about 10 years ago, but that she felt investing only £200 was low risk saying "*what could go wrong*".

So, taking all this into account, I don't think I can say with any degree of certainty that Mrs N wouldn't have been honest with Wise if it had questioned her about the £15,000 payment –

particularly given the previous interaction she'd had with Bank L. But I still *must* be satisfied that an intervention from Wise before processing the £15,000 payment would've resonated with Mrs N to the extent that it would've stopped the scam and prevented her loss.

Firstly, it's not for me to dictate what Wise's tailored written warning should've looked like – nor can I be sure what would've been discussed if Wise had spoken to Mrs N about the £15,000 payment. But by August 2023 I'd expect Wise to provide information to its customers specific to crypto investment scams. This could include things like; how the investment came about, doing research into the investment company, whether there was pressure to invest, whether someone was guiding the customer, and whether it had been possible to make withdrawals. I've thought about these points in turn and how they are likely to have resonated with Mrs N.

Mrs N wasn't contacted about the investment by chance. She initiated contact with 'C' having seen endorsements online. It was her choice to invest; and from the evidence I've seen, she wasn't pressured into doing so.

Mrs N had time to think about the decision to invest larger sums of money in 'C', even seeking advice from Bank L back in May 2023 and contacting the FCA. Both Bank L and the FCA advised Mrs N to exercise caution. But from speaking to 'C' and receiving confirmation purporting to be from the FCA that 'C' was regulated in Germany (which we now know to be fake), together with genuine looking literature from 'C' confirming the terms of the investment and it being insured by the FCA, Mrs N made an informed decision to continue. And at the time of the £15,000 payment, Mrs N appeared from the chat messages with 'C' to be fully immersed in the 'investment'.

There was a third-party guiding Mrs N. But I can see from the chat messages between her and 'C' that she had complete trust in him – seeking advice and reassurance to fully understand how the investment worked. I can't see that Mrs N ever questioned the legitimacy of the investment with 'C', and that she initiated much of the contact.

A clear hallmark of a crypto investment scam is the inability to make withdrawals. I can see from the chat messages that Mrs N suspected something was wrong when she was unable to make a withdrawal. But this was after all the payments had been made.

I've also listened to a call from September 2023 when Mrs N reports the scam to Bank L. She specifically says she'd only just "*accepted and realised*" that she'd been scammed – before thinking "*surely it's not*".

All this suggests to me that it's more likely than not, on balance, that Mrs N would've proceeded with the £15,000 payment – even if Wise had alerted her to the risks involved and the checks she should make. Mrs N was clearly, by this time, fully invested in the process – and the evidence I've seen suggests to me that *any* concerns she might've had on receiving warnings from Wise are more likely than not to have been allayed by her own research and checks, or by 'C'.

Taking all this into account, I'm not persuaded, in the circumstances of this complaint, that a proportionate intervention from Wise would've likely prevented Mrs N's loss on either the £15,000 payment or any of the later ones.

Did Wise do enough to try and recover the lost funds?

I've considered whether Wise could reasonably have done anything more to recover Mrs N's losses, but I don't think it could've done.

Wise was notified of the scam on 18 September 2023 – but didn't attempt recovery from the beneficiary accounts until 27 September 2023. No funds remained.

I've thought about whether the funds could've been recovered if Wise had acted more promptly. But given the nature of these scams; and because Mrs N didn't alert Wise until ten days after the last payment – I think it's more likely than not the funds would've already been moved on.

I have a great deal of sympathy for Mrs N and the loss she's suffered, as I appreciate it's a significant sum of money and that she's been going through a very difficult time. But it would only be fair for me to direct Wise to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Wise has acted fairly and so I'm not going to tell it to do anything further.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs N to accept or reject my decision **before 3 September 2025**.

Anna Jackson
Ombudsman