

The complaint

Mr H complains Wise Payments Limited ('Wise') won't refund payments he lost when he was a victim of an impersonation scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything again here.

In summary, Mr H received a call from someone who said they were calling from a well-known crypto provider, who we now know to be a scammer. The scammer told Mr H he was due a large refund and that he would need to open a Wise account to receive the refund. The scammer also sent Mr H emails pretending to be from Wise as well as the crypto provider.

As a result, Mr H made the following payments via another well-known crypto exchange from his Wise account and then onto the scammer:

Payment	Transaction date	Amount
1	7 December 2023	£4,197.17 (€ 4,872)
2	13 December 2023	£2,007.94 (€ 4,872)
3	16 January 2024	£4,444.58 (€ 4,872)
4	16 January 2024	£1,415.01 (€ 4,872)
5	19 January 2024	£4,000.83 (€ 4,872)

Mr H realised he had been a victim of a scam when he was asked for further funds to verify his refund. Mr H reached out to Wise for confirmation of the additional funds they required, only to be told he had been speaking to a scammer and not Wise. He reported the fraud; however, Wise said it wouldn't refund the money he lost as he had authorised the payments.

Our Investigator also didn't uphold the complaint and said the actions Wise took at the time Mr H made the payments were sufficient and he wouldn't be asking it to provide a refund.

Mr H asked for the matter to be referred to a decision. He said Wise only intervened after he had made Payments 1-5 as shown above. And if they had intervened earlier the scam would have been uncovered. Mr H also said every time he was asked to make further payments, he sought guidance from the scammer thinking he was speaking to Wise. As a result, Mr H wants Wise to provide him with a refund.

As no agreement could be reached, Mr H's complaint has been passed to me to decide. I

issued a provisional decision on 15 September 2025, and I said:

I'm sorry to hear that Mr H has been tricked into making these payments. I understand he has lost a significant amount of money.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

I consider that Wise should in December 2023 and January 2024 have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances. Overall, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable that 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;*
- 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 – (as in practice Wise sometimes does); and*
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage 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 recognised that Mr H was at risk of financial harm from fraud?

It isn't in dispute that Mr H has fallen victim to a cruel scam here, nor that he authorised the payments he made to his cryptocurrency wallet (from where that cryptocurrency was subsequently transferred to the scammer).

I'm aware that cryptocurrency exchanges generally stipulate that the card used to purchase cryptocurrency at its exchange must be held in the name of the account holder, as must the account used to receive cash payments from the exchange. So, Wise likely thought the transactions I have set out in the table above would be credited to a cryptocurrency account in Mr H's own name.

But by the time these payments were made, firms like Wise had been aware of the risk of multi-stage scams involving cryptocurrency for some time. Scams involving cryptocurrency have increased over time. The FCA and Action Fraud published warnings about cryptocurrency scams in mid-2018 and figures published by the latter show that losses suffered to cryptocurrency scams have continued to increase since.

So, taking into account all of the above, I am satisfied that by the end of 2022, prior to the payments Mr H made, Wise ought fairly and reasonably to have recognised that its customers could be at an increased risk of fraud when using its services to purchase cryptocurrency, notwithstanding that the payment would often be made to a cryptocurrency wallet in the consumer's own name.

In those circumstances, as a matter of what I consider to have been fair and reasonable and good practice, Wise should have had appropriate systems for making checks and delivering warnings before it processed such payments. I don't think that the fact payments were going to an account held in Mr H's own name should have led Wise to believe there wasn't a risk of fraud.

What did Wise do to warn Mr H?

Wise say that it provided Mr H with a warning when he made Payment 1 that said:

"Protect yourself from scams

This could be a scam. It's hard to get your money back once you send it – so first tell us what this transfer's for to get advice."

Wise have said Mr H chose to move forward with the transfer it flagged as potentially fraudulent.

Wise said it intervened again on 20 January 2024 and asked Mr H to explain where he was sending the money too. Wise decided to deactivate his account on 22 January 2024 after it believed Mr H could be the victim of a scam.

I'm not persuaded Wise's very generalised warnings and an email after he had already made five payments to the scam went far enough to protect Mr H.

What kind of warning should Wise have provided to Mr H?

I've gone on to consider, taking into account what Wise knew about the payments, at what point, if any, it ought to have identified that Mr H might be at a heightened risk of fraud. I've given due consideration to Wise's duty to make payments promptly, as well as what I consider to have been good industry practice at the time.

When Mr H attempted to make Payment 1, I think Wise ought fairly and reasonably to have recognised there was a heightened possibility that the transaction was linked to a scam. The payment Mr H was making was an identifiable provider of cryptocurrency and was for a relatively large amount. In line with the good industry practice that I've set out above, I think a proportionate response to that risk would have been for Wise to have provided a tailored written warning.

I think that such a warning should have addressed the key risks and features of the most common cryptocurrency scams – cryptocurrency investment scams.

By payment five I think a proportionate response to the risk presented would have been for Wise to have attempted to establish the circumstances surrounding the payment before allowing it to debit Mr H's account. Mr H had made a series of higher value payments that were going to an identifiable provider of cryptocurrency. I think it should have done this by, for example, discussing the payment further rather than providing an on-screen warning.

If Wise had provided warnings of the type described, would that have prevented the losses Mr H suffered?

I've thought carefully about whether a specific investment scam warning would have likely prevented any further loss in this case. And on the balance of probabilities, I think it would have. If Wise had asked Mr H to disclose the purpose for the payment he was making, I think it's likely he would have been upfront about what he was doing as he thought he was already in communication with Wise. There's no indication that he had been coached by the scammer into misleading Wise, for example, so I'm satisfied he would have likely disclosed that the purpose of the payment was for payment he was expecting and which Wise were helping him to facilitate.

Overall, I'm satisfied Wise should fairly and reasonably have made further enquiries before processing any further payments. If it had, it is more likely than not that the scam would have been exposed and Mr H would not have lost any more money. In those circumstances I am satisfied it is fair to hold Wise responsible for Mr H's loss.

Is it fair and reasonable for Wise to be held responsible for Mr H's loss?

In reaching my decision about what is fair and reasonable, I have taken into account that Mr H purchased cryptocurrency which credited a wallet in his own name, rather than making a payment directly to the fraudsters. So, he remained in control of his money after he made the payments from his Wise account, and it took further steps before the money was lost to the fraudsters.

But, based on Mr H's account activity, I think that Wise still should have recognised that Mr H might have been at risk of financial harm from fraud when he made Payment 1, and in those circumstances, it should have declined the payment and made further enquiries. If it had taken those steps, I am satisfied it would have prevented the losses Mr H suffered and I think Wise can fairly be held responsible for Mr H's loss in such circumstances.

Should Mr H bear any responsibility for his losses?

I've thought about whether Mr H should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all the circumstances of this complaint including taking into account Mr H's own actions and responsibility for the loss he has suffered.

When considering whether a consumer has contributed to their own loss, I must consider whether the consumer's actions showed a lack of care that goes beyond what we would expect from a reasonable person. I must also be satisfied that the lack of care directly contributed to the individual's losses.

Here, I consider that there were sophisticated aspects to this scam – such as the emails Mr H was provided from the scammer pretending to be from a well-known crypto provider as well as Wise, so I can see how Mr H thought the contact he received was genuine.

I must, however, also take into consideration that there were red flags that Mr H should have been concerned about, which include:

- Being contacted unexpectedly and told he was due a large payment.*

- *Asked to continuously make more payments rather than receive money that he was told he was owed.*
- *Being asked to open other accounts to facilitate the refund*
- *Asked to download screen sharing software to help facilitate the transfer*

From this, I think it would've been reasonable for Mr H to have taken greater caution before proceeding to make the payments. This could've included, for example, contacting Wise earlier than he did, which would've most likely uncovered he was being scammed and prevented his losses.

I've concluded, on balance, that it would be fair to reduce the amount Wise pays Mr H because of his role in what happened from the point of Payment 1 onwards. Weighing the fault that I've found on both sides, I think a fair deduction is 50%.

Could Wise have done anything to recover Mr H's money?

The payments were made to purchase crypto in an account in Mr H's own name that was then sent to the fraudsters. So, Wise would not have been able to recover those funds as it had already left his account.

My provisional decision

I think it is fair that Wise should do the following:

- *Refund 50% of Mr H's loss from Payment 1 onwards.*
- *Pay 8% simple interest to the payments to compensate Mr H for his loss of the use of money.*

Wise have said they didn't have anything further to add to my provisional decision.

Mr H accepted my provisional decision.

As both parties have had an opportunity to respond, I can proceed to making my final decision on Mr H's complaint.

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.

In the absence of any further points for my consideration, I see no reason to depart from the above. I therefore remain of the view that Wise is responsible for the loss Mr H suffered from Payment 1 onwards. And that it would be fair to reduce the award by 50% due to contributory negligence on Mr H's part in these circumstances. It follows that I think Wise should refund 50% of Mr H's loss from Payment 1 onwards and pay 8% simple interest to recognise the loss of use of the money he suffered.

My final decision

My final decision is that I uphold this complaint and I direct Wise to pay Mr H the following:

- 50% of Mr H's loss from Payment 1 onwards.
- Pay 8% simple interest per year, from the respective dates of the payments to the

date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 20 October 2025.

Israr Ahmed
Ombudsman