

## The complaint

Mr N complains that Wise Payments Limited (Wise) won't refund the money he lost to an investment scam. Mr N is represented, and I'll refer to him as it's his complaint.

## 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 events here.

In mid-2024, Mr N met X (the scammer) after her (fake) secretary expressed interest in his expensive car and they subsequently developed a friendship, conversing daily about life and interests.

X soon brought up her trading expertise and successful career, including in crypto investments and her profits. She then recommended an AI crypto trading bot (through Company E) that she made out was backed by a well-known venture capital firm (Company S) that invests in technology. Also, that her good friend was a co-founder of Company S and she had information it was one of their secret projects.

Considering X to be his friend and trusting her advice that the trading platform would generate high profits through advanced algorithms and additional compounding rewards, Mr N agreed to be an investment partner and X convinced him that she was putting money into the investment and they were both gaining significant profits.

Mr N followed X's payment instruction and made the following payments from his Wise account

Payment Number	Date	Payment Method	Payee	Amount in GBP
1	5/8/24	Faster Payment	Person H	£11,750.78
2	21/8/24	Faster Payment	Person R	£8,029.85
3	9/9/24	Faster Payment	Person X	£22,958.02
4	12/9/24	Faster Payment	Person X	£5,267.84
5	19/10/24	Faster Payment	Person D	£9,998.73
<i>Sub-total A</i>				<b>£58,005.22</b>
6	22/10/24	Faster Payment	Person J	£50,224.86
7	24/11/24	Faster Payment	Person RA	£44,817.01
8	29/11/24	Faster Payment	Person H	£25,246.96
9	1/12/24	Faster Payment	Person V	£39,381.50
10	18/12/24	Faster Payment	Person V	£79,774.96
11	20/12/24	Faster Payment	Person D	£28,236.44
<i>Sub-total B</i>				<b>£267,681.73</b>

Total				£325,686.95
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After making payment 1 and 2, Mr N gained confidence in both X and Company E as X and / or other scammers gave him a sizeable credit (USD 24,604.50) and this together with X's influencing and messages about high returns persuaded him to increase his payments. Mr N wanted to meet with X and make withdrawals and, to keep the payments going, X agreed to this but delayed and then made a plausible family illness excuse to cancel.

In December 2024, Mr N informed X that he intended to withdraw a significant amount of the balance from the investment account and became worried and suspicious about Company E when they advised him about delays, restrictions and problems with his account.

In January 2025 Mr N couldn't withdraw his supposed profit and didn't have any more funds, and X led him to believe she was helping him pay unexpected fees.

Mr N realised he'd been scammed after Company E's customer services department threatened to permanently freeze the account and X offered USD 30,000 if Mr N would pay another USD30,000.

Mr N complained to Wise seeking a refund of his loss as he thinks they should've seen the payments as unusual and intervened and, if they had, the scam would've been unravelled.

Wise stated that the Payment Systems Regulators reimbursement scheme didn't apply, and they didn't accept liability and, when agreeing to pay 33% (totalling £105,234.10) of Mr N's loss, said that:

- *'There was potential suspicious activity which could have prompted us to intervene and make further checks about whether the payments were genuine'.*
- *'We can see that from payment 3 they were out of character transactions which may have alerted us to potentially suspicious activity'.*
- *'In this case, we think further interaction or questions about why your client was making the payments could have provided further information to help them reconsider'.*
- *'While we recognise there was the potential for us to provide further protection, we also review what actions our customers do or don't take'.*
- They considered there was contributory negligence from Mr N and because of this *'we believe it is fair to share the responsibility with your client and their banks'.*

Mr N was dissatisfied with Wise's offer and escalated his complaint to our service, but our investigator considered their offer to be fair and above what we would recommend.

Mr N's representative asked for an Ombudsman to consider the complaint. Her points included the following:

- The investigator's findings appear to favour Wise, rather than providing a balanced and objective assessment of the facts.
- There is little critical scrutiny of Wise's failure to implement enhanced due diligence or to engage in meaningful human intervention.
- The findings repeatedly excuse Wise's lack of meaningful intervention, yet the evidence demonstrates a pattern of missed opportunities and systemic failures.
- Wise was required to look beyond the face value of authorisation instructions and to consider the wider circumstances. The escalation in payment size, the nature of the transactions, and the countries to which funds were sent all demanded a far more active and probing response from Wise.

- Had Wise engaged Mr N in a meaningful conversation about the nature of the payments, the identity of the recipient, and the risks involved, it is highly likely that the scam would have been exposed, and the loss prevented.

**I issued a provisional decision on 16 January 2026, and this is what I said:**

*I've considered the relevant information about this complaint.*

*My provisional decision is different to the outcome of that reached by our investigator. So, I'd like to give both parties an opportunity to respond.*

*The deadline for both parties to provide any further comments or evidence for me to consider is 29 January 2026. Unless the information changes my mind, my final decision is likely to be along the following lines.*

*If Wise Payments Limited accepts my provisional decision, it should let me know. If Mr N also accepts, I may arrange for the complaint to be closed as resolved at this stage without a final decision.*

*What I've provisionally 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, my provisional decision is to partially uphold this complaint, and I'll explain why.*

*I should first say that:*

- *I'm very sorry to hear that Mr N has been the victim of this cruel investment scam and lost a significant amount of money here.*
- *In making my findings, I must consider the evidence that is available to me and use it to decide what I consider is more likely than not to have happened, on the balance of probabilities.*
- *Although I've read and considered everything, I won't be responding to every point individually. If I don't comment on any specific point, it's not because I've not considered it but because I don't think I need to comment on it in order to reach the right outcome.*
- *I'm satisfied that the APP Scam Reimbursement Rules, introduced by the Payment Systems Regulator in October 2024, for customers who have fallen victim to an APP scam, don't apply here due to the payments being made to accounts outside the UK.*
- *Regarding efforts to recover Mr N's loss, I'm satisfied Wise made attempts at the earliest opportunity. Also, I agree with our investigator that, due to the time period between when the transactions were made and when the recovery was initiated after a scam was reported, they wouldn't have been able to recover the funds.*
- *The Payment Services Regulations 2017 (PSR) and Consumer Duty are relevant here.*

*PSR*

*Under the PSR and in accordance with general banking terms and conditions, Banks and Electronic Money Institute's (EMI's) should execute an authorised*

payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. There's no dispute that Mr N made the payments here, so they are considered authorised.

However, in accordance with the law, regulations and good industry practice, an EMI should be on the look-out for and protect its customers against the risk of fraud and scams so far as is reasonably possible. If it fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

Banks and EMI's do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I consider Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks such as anti-money laundering and preventing fraud and scams.
- Have systems in place to look 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 banks and EMI's 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, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

#### Consumer Duty

Also, from July 2023 Wise had to comply with the Financial Conduct Authority's (FCA's) Consumer Duty which required financial services firms to act to deliver good outcomes for their customers. Whilst the Consumer Duty does not mean that customers will always be protected from bad outcomes, Wise was required to act to avoid foreseeable harm by, for example, operating adequate systems to detect and prevent fraud. Also, look out for signs of vulnerability.

With the above PSR and Consumer Duty in mind, I first looked at:

Mr N's first two payments, to see if Wise should've recognised Mr N was at risk of financial harm. earlier than payment 3, and put in place proportionate and effective interventions.

Payments 1 and 2 (For £11,750.78 and £8,029.85)

Wise have provided evidence that on these two payments (and payments 3 to 6) they did recognise a potential risk, and they issued dynamic automated warnings.

I think it was both proportionate and reasonable for them to use their system to ascertain the reason and then provide relevant written fraud and scam warnings for Mr N to read and consider.

This is because it wasn't unusual for Mr N to make payments for these amounts. Also, Wise make thousands of payments and, as mentioned above, they have to strike a careful balance when deciding to intervene. In addition, as an EMI (and not a

bank) their primary purpose is to send payments worldwide typically for goods and services and payments can range from one-off low amounts, regular amounts and for one-off larger amounts.

I found that when given a choice of payment reasons to select, which included 'making an investment', Mr N decided to choose 'paying for goods or services'. I think it more likely than not that the reason for this incorrect selection was to circumvent interventions to avoid questions on what he was doing. I say this because:

- Mr N consistently gave this reason (for payments 1 to 6) and he stopped using Bank C and started using Wise after they questioned a payment that he also initially said was for purchasing goods abroad.
- When Wise specifically questioned his payments, between payments 4 and 5, he said "I am going to use the money shortly for a significant international purchase of goods"
- There is dialogue that showed Mr N trusted X and she led him to believe he was earning very high profits from a secret project (of legitimate Company S) that was yet to be made public.

Giving incorrect payment reasons misled Wise and negated their fraud prevention system and caused them to give Mr N the wrong warnings, meaning that he couldn't protect himself from financial harm.

So, having considered the above, I think Wise did recognise a risk and the interventions they put in place were both proportionate and effective.

I then looked at:

Payment 3 and subsequent payments to see if there were any payments that should've warranted different and stronger intervention.

Regarding payments from payment 3, Wise say:

- 'We believe a more meaningful intervention was warranted. If we had reached out to Mr. N directly and asked him more probing questions about the purpose of his transfers, it is likely that the scam could have been uncovered and prevented'.

However, this comment appears to have been made without analysis of Mr N's dialogue with X. Also, without information on Bank C's interventions. In addition, Mr N deciding to use an EMI who mainly communicate electronically.

Payment 3 (For £22,958.02)

Although Mr N again entered 'paying for goods or services' for payment 3, as this was for a larger amount than he had previously made payments for and to a third payee in the same continent, I would've expected Wise to have completed analysis and for a human to make some additional enquiries to get more information on the purchase he was making.

I found that a Wise agent did make an enquiry; but, as mentioned above, Mr N misled them into thinking it was for an international purchase of goods. However, Wise's enquiry appears to have been very limited, and they accept they should've done more here.

Payment 6 to 11 (For £50,224.86 (6), £44,817.01 (7), £25,246.96 (8), £39,381.50 (9), £79,774.96 (10), £28,236.44 (11))

These were all for much higher amounts than Mr N would usually make and although they were spread out over an approximate eight-week period, the same payee pattern continued. Also, there was a pattern of large credits being received into Mr N's account, mainly from his other bank.

So, I would've expected to have seen a human intervention on at least the largest two payments (6 and 10), where a Wise fraud and scam agent could probe to provide relevant education, warnings and look to detect and act upon any potential financial harm risks.

Having established that stronger human interventions should've occurred on three occasions – payments 3, 6 and 10, I then considered:

How the interventions should've been conducted, what would've likely happened on the intervention and whether the scam could've either been unravelled or stopped.

*An intervention at payment 3*

As mentioned above, Wise's human intervention here was by email and, when asked about the payment reason, Mr N maintained the position that he entered on their system, and told Bank C, that it was to purchase goods.

*An intervention is to ask suitable questions to find out what a customer is purchasing and from who, and to consider and then mitigate risks rather than an interrogation and automatic verification exercise.*

*I considered how Mr N would've likely responding (in writing) to probing questions about what he was buying, who he was buying from, whether the payment was connected with payment 1 and 2 and what due diligence he had done.*

*On balance of probabilities, I think he would've likely given information about goods purchases that sounded plausible and given reassurance that he had completed due diligence. I say this because:*

- *At this point he was under X's spell and trusted her and the confidential information she had given him. Also, he trusted the investment and thought he was going to make a significant profit. And, as mentioned, I think he was trying to avoid questions and scrutiny,*
- *He would've likely found it difficult to say something different having previously told Wise the payment was for goods or services.*
- *Mr N appears to be experienced in finance and investments, and he was prepared to make payments despite him being aware of 'multiple red flags and transferring cash directly to unknown recipients' and saying this 'is not something I've ever done before'.*
- *X had just given him a sizeable credit (USD 24,604.50) that was almost equivalent to the value of payment 1 and 2. So, prior to payment 3 his actual outlay was very low.*

*And I don't think an agent would've had cause to doubt what he was saying and, importantly:*

- *I think they would've, similar to Wise's system, given Mr N educational information and fraud / scam warnings on purchasing goods.*
- *I don't think they would've, at this point, asked to see evidence such as invoices or contracts and research information. This is because, at this payment point the payment wasn't significantly high and there wasn't a high velocity of payments or a suspicious scam pattern.*

*Also, a Wise agent wouldn't be able to pick up on any verbal hesitancy or contradictions which appeared to be the case when Bank C asked Mr N what he was doing and he gave varied answers which seemed to indicate it was for an investment.*

So, I'm not persuaded that a Wise human intervention at payment 3 would've been able to uncover the scam, give Mr N relevant education about crypto investment scams and importantly probe to understand both the investment and mentor.

Payments 4 and 5 were for low amounts and I don't think Wise could've prevented these two payments as Mr N negated their fraud prevention system and therefore didn't receive the correct education or warnings. But, as mentioned, I think Wise should've put in place another human intervention at payment 6.

An intervention at payment 6

At the point of payment 6, for £50,224.86, on 19 October 2024, when I think a second human intervention should've occurred, again by email, I consider the risk factors to have been more significant. With an agent being able to see five payments to individuals in the same continent with a very high spend of £108,230.08. Also, this was a large payment for Mr N to make and the payments to individuals were increasing.

Also, importantly, there is evidence that despite trusting X Mr N was having some doubts, after payment 3, as:

- Between payments 4 and 5 he was pressing to meet X and said, 'I know you want to move faster and I respect that but I would like to meet you first as I have never been in any partnership without meeting my partner!'
- When commenting on payment 5 he told X 'I'm still not 100% comfortable about sending money to weird places & names'.

Although I think Mr N would've, more likely than not, continued to say he was making a significant international purchase, I think a Wise fraud and scam agent would've been suspicious at this point and asked to see supporting evidence. And, as Mr N wouldn't be able to provide this, based on file information including what he said on Bank C's intervention call, I think he would've said that he was making an investment with a partner.

Although I'm not persuaded Mr N would've given an agent the full information of his investment, I think this would've been the first point that he would've received fraud and scam education. And the education would've brought to life the key features of investments scams. This would've included how scammers make contact and control accounts and led to questions about his partner.

Considering Mr N's reservations at this point, I think it more likely than not, that Mr N would've started to suspect a scam and cancelled the payment. I think he would've then likely done more research on X, X's contact at Company S, the investment company and realised it was a scam.

So, although it is finely balanced and I can understand our investigator's differing view, if Wise had put in place an effective intervention at this point, I think it would've led to the scam unravelling and prevented Mr N's from further financial loss.

Having established that a human intervention at payment 6 would've more likely than not uncovered the scam and prevented any further loss, I then looked at:

### Contributory negligence

There's a general principle that consumers must take responsibility for their decisions. Although I recognise X's very clever tactics and in no way blame Mr N for being scammed, I think he should've been more diligent before making the payments. I say this because Mr N:

- *Didn't know X and followed her advice without seeking any evidence that she was a regulated investor or broker.*
- *Also, he appears not to have researched the trading platform that he was investing in or to have seen the platform.*
- *Made payments into the personal account of individuals he has never met, despite knowing this was risky.*
- *Should've seen the returns as too good to be true.*

#### *Putting things right*

*Having considered all the above, I think both the business and customer are equally at fault here. Wise should've put in place an intervention at payment 6, which would've likely stopped the scam payments and then led to the scam unravelling, and Mr N should've been more diligent. So, I think it is only fair and reasonable for liability to be shared.*

*So, my decision is to partially uphold this complaint, and I require Wise to:*

- *Provide Mr N with a refund of 50% of his loss from payment 6. This is £133,840.87 which I calculated by:*
  - *Taking the total loss of £325,686.95 and deducting £58,005.22 (payments 1 to 5) which equates to £267,681.73.*
  - *Deducting 50% from £267,681.73 which equates to £133,840.87.*
- *Pay 8% simple interest on payments 6 to 11 from date of loss to date of settlement.*
- *Deduct amounts already paid.*

*I would like to add that:*

- *I genuinely empathise with Mr N's financial loss and distressing experience and recognise that he will be disappointed as I'm excluding payments 1 to 5.*
- *I recognise Wise will be disappointed as they think they should pay a lower amount of 33% towards the loss due to contributory negligence, although from payment 3. Regarding the higher 50% contribution, I appreciate Wise are not Mr N's primary bank and it can be argued that Bank C could've also prevented some of Mr N's loss here. However, a 50% contribution is the position of our service in circumstances where a business has caused a loss, and the complainant hasn't complained about any other business. Only if Mr N complained about other banks and it was found they were at fault, neither of which currently apply, would a loss then be split three ways.*

#### *My provisional decision*

*For the reasons mentioned above, my provisional decision is to uphold this complaint against Wise Payments Limited, and my requirements are detailed in the above putting things right section.*

*This is subject to any comments that either Wise Payments Limited or Mr N may wish to make.*

*These must be received by 29 January 2026.*

## 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.

Further to my above provisional decision, Mr N confirmed his acceptance, but Wise didn't agree.

Wise don't think they should have to pay any additional refund amount. They gave the following reasons:

- They're now aware of Bank C's intervention attempts and Mr N's responses. Due to this, the high credit he received after payment 2 and the relationship and trust he had in X they think:
  - *'It is clear that Mr N was completely under the spell of the scammer'.*
  - *'As such, any intervention would not have made a difference'.*
  - Their offer is more than fair.
- *'The scammer clearly had knowledge on how to circumvent fraud prevention systems, and guided Mr N when questioned by Bank C and Wise'.*
- *'Given that Mr N was in close contact with the scammer, and was instructed to lie when questioned about his payments, we believe that it is very likely that the scammer could have collaborated with Mr N in order to provide the requested evidence'.*
- *Had 'we intervened at payment 6 and asked for evidence of the purchase Mr N was making, that he would not have been able to provide anything. In cases like this, we typically ask for evidence such as invoices or contracts in order to verify the payment'.*
- *'I understand that Mr N expressed discomfort around payments 4 and 5, but the fact that he was still willing to carry out payment 6 and beyond, in significantly higher amounts, demonstrates that he still had a lot of trust in the scammer at this point. By this time he was already warned by Bank C that he could be a victim of a scam, so even if Mr N did mention an investment, and was educated on investment scams by Wise, we maintain that this would not have made a difference as it was clear that Mr N was fully persuaded by the scammer, to the point where he was ready to ignore not only his own misgivings, but warnings from financial institutions'.*
- *'The scammer was also ready at every juncture to reassure Mr N whenever he had questions or doubts, so it is unlikely that any education attempts would have broken the spell here'.*

Paul Douglas  
**Ombudsman**