

## The complaint

Mr K is being represented by solicitors. He's complaining about Wise Payments Limited because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr K fell victim to a cruel investment scam after he was introduced to a fake investment scheme by someone he knew from the library who told him about the money they were making and showed him proof they'd withdrawn their profits. After carrying out his own research, Mr K was assigned an account manager to advise him on trades and he used his newly-opened Wise account to make the following payments that were lost to the scam:

| No. | Date        | Amount £ | Method   |
|-----|-------------|----------|----------|
| 1   | 24 Oct 2023 | 1,478.27 | Transfer |
| 2   | 6 Nov 2023  | 5,664.51 | Card     |
| 3   | 6 Nov 2023  | 4,044.14 | Transfer |
| 4   | 20 Nov 2023 | 6,430.22 | Transfer |
| 5   | 20 Nov 2023 | 3,214.59 | Transfer |
| 6   | 29 Nov 2023 | 744.09   | Transfer |

The payments were sent to an overseas company. Mr K says he realised this was a scam when he was told he'd need to pay fees to withdraw his money.

Our investigator didn't recommend the complaint be upheld. While he felt Wise should have done more to question the payments, he didn't think any intervention would have stopped Mr K from wanting to go ahead.

Mr K didn't accept the investigator's assessment and his representative made the following key points:

- Wise should have been mindful of common scam scenarios and been monitoring for unusual payment patterns. These payments raised a number of red flags that Wise should have identified and that warranted a human intervention before the payments were processed.
- Wise knew more about the destination of the payments than Mr K's bank and had more reason to ask probing questions if he didn't disclose that he was making investments.
- Mr K wasn't closely coached by the scammers in how to respond to the sort of questions he should have been asked and that means it's more likely an appropriate intervention would have prevented further losses.
- Wise should have done more to recover Mr K's money, including through the chargeback scheme.

The complaint has now been referred to me for review.

### **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 overall conclusions as the investigator. Mr K's representative has made extensive submissions in support of his complaint. But I haven't necessarily commented on every single point raised, instead concentrating on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

There's no dispute that Mr K authorised these payments. In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr K.

#### *The payments*

One of the key features of a Wise account is that it facilitates payments that sometimes involve large amounts and/or transfers to overseas accounts. I must take into account that many similar payment instructions it receives will be entirely legitimate. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious. Finally, I need to consider the responsibility to make payments promptly.

Having considered what Wise knew about payments 1 and 2 at the time, I'm not persuaded it ought to have been particularly concerned. The amounts involved weren't high and the payments were spaced out. So I don't think a pattern of rapid, multiple and increasing payments common to many scam scenarios had begun to emerge at this point. In the circumstances, I don't think there were sufficient grounds for Wise to suspect Mr K may be at risk of harm from fraud when he made the payments and I can't reasonably say it was at fault for processing them in line with his instructions.

However, payment 3 was Mr K's third payment to the company and his second on the same day with a combined value of over £9,000. This is the point at which I think Wise should

have identified he may be at risk of harm from fraud and taken steps to intervene in the payment process. In view of the risks the payment presented, I believe a proportionate response would have been for Wise to attempt to find out more about the circumstances of the payment, most likely using an online chat function or speaking to him by telephone, and to provide an appropriate tailored scam warning.

Mr K's bank did speak to him about one of the transfers he made to his Wise account and he didn't provide accurate information about the payment being made. So it appears he didn't want the institutions he was dealing with to know what he was doing and he may not have been forthcoming with all the details if questioned by Wise. Nonetheless, I think it should have been able to identify from the information it did have that the greatest risk was that he was paying to an investment scam. In the circumstances, I would have expected Mr K to be provided with an appropriate tailored warning setting out common features of investment scams.

Whether Mr K is due any reimbursement of this and subsequent payments turns on whether such a warning would have opened his eyes to the scam and prevented further losses. Having thought about this point very carefully, I've concluded the most likely outcome is that an appropriate intervention wouldn't have stopped him from wanting to go ahead with the payments.

In reaching this conclusion, I'm conscious that Mr K's situation was different to those associated with other better known investment scams and many of the common features I would have expected to be included in a warning wouldn't have applied here. In particular, Mr K wasn't contacted about the scheme by somebody he didn't know or find out about it through online adverts or via social media. Instead, it was introduced to him by somebody he knew and who his representative tells us had shown proof of their withdrawals. I think this would have been very persuasive evidence that the scheme was legitimate.

Also, we've been told that Mr K checked the Financial Conduct Authority's (FCA's) website to ensure the company he was dealing with was authorised and found its details listed. Unfortunately, what he actually saw was a notice advising the company isn't authorised to operate in the UK. But he says he mistook this for confirmation the company was appropriately registered and believed that to be the case when he invested. I think it's reasonable to believe he also took considerable comfort from this when deciding whether or not to send money to the scheme.

In response to the investigator's assessment, Mr K's representative has referred to an email he sent to the FCA enquiring about the status of those he'd been dealing with. But this email is dated 18 December 2023, sometime after his last payment and I don't share the view that this demonstrates a tailored investment warning weeks earlier would have been effective in preventing further losses.

In view of the way the scam came about, the fact he'd seen proof of withdrawals from the scheme, and that he believed the company was authorised by the regulator, I don't find that an appropriately tailored warning about investment scams would have been sufficient to stop Mr K from wanting to continue making payments to the scam.

I want to be clear that it's not my intention to suggest Mr K is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of his losses.

*Recovery of funds*

In respect of the transfers, Mr K isn't due any refund under the industry's reimbursement scheme for authorised push payment (APP) fraud in respect of any payments that were sent to an account based overseas. I also understand he didn't notify Wise of the scam until sometime after the last payment was made. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery.

I've also considered whether Wise could have recovered the card payment through the chargeback scheme. But I'd only have expected it to raise a chargeback claim if it was likely to be successful and that doesn't appear to be the case here. The scheme doesn't normally cover payments for investment purposes and it's not clear that Wise was told about the scam within the normal timeframe of 120 days from the date of the transaction in which a claim can be made in any event.

In the circumstances, I don't think anything that Wise could have done differently would likely have led to this money being recovered successfully after this period of time.

#### *In conclusion*

I recognise Mr K has been the victim of a cruel scam and I'm sorry he lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I don't think any further intervention from Wise would have made a difference to the eventual outcome and I won't be telling it to make any refund.

#### **My final decision**

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 24 April 2026.

James Biles  
**Ombudsman**