

**The complaint**

Mrs A complains that Wise Payments Limited (“Wise”) won’t refund the money she lost in a scam.

**What happened**

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

Mrs A noticed on a social media platform an advert for a company that will call B. Mrs A contacted B and made a small payment for a trading course. After that Mrs A was then contacted by a company that I will call C. Mrs A then made the following payments from her Wise account to C via transfer to one Wise account and two external current accounts held with different providers.

Transaction Number	Date	Amount
1	7 February 2023	£10,000
2	21 February 2023	£25,000
3	23 February 2023	£25,000

Mrs A realised she had been scammed when she was warned that C may be scammers by a different current account provider that she sent money to C from. She raised a complaint with Wise as she believed that it should have prevented her from making the payments.

Our investigator upheld the complaint in part. She thought that Wise should have intervened during payment 2 and this would have stopped this payment and the subsequent payment. She thought that 50% of these payments should be refunded though, as she thought that Mrs A contributed towards her own loss.

Wise agreed with this outcome, but Mrs A did not. She said that Wise should have intervened during payment 1 and she did not think that the 50% deduction was fair. Therefore, her complaint has been passed to me to issue a final decision.

**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.

It isn't in dispute that Mrs A has fallen victim to a scam here, nor that she authorised the disputed payments she made to C (where her funds were subsequently transferred on to the scammers). The payments were requested by her using her legitimate security credentials provided by Wise, and the starting position is that banks ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Wise should have done more to prevent Mrs A from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transfer. For example, if it was particularly out of character for that account holder.

In relation to transaction 1 I don't think that this payment was out of character for Mrs A's account. She had made large transfers in the past, albeit for the most part to an account held in her own name. But she had also made a transfer to a company for a similar sum. So overall I think a one-off payment to another account for £10,000 was not unusual enough for Wise to have intervened.

I note Mrs A's comments in relation to the account that the first payment was sent to and that she feels that Wise should have been on notice that it was an account being used for crypto exchange. But my understanding is that Wise were not aware that the account was being used for crypto exchange and only started investigating that particular account on 13 February when a different payment was flagged for review. From what I can see, when a peer to peer crypto exchange site is used, which seems to be the case in this instance, the account providers do not know that the payment relates to crypto. So the transfer looked like a normal transfer. This is demonstrated by the internal screens of Wise showing the transfer to that account as a normal transfer rather than a crypto related payment. Wise had not received any complaints about that account holder either until 26 February 2023. So I don't think that Wise should have prevented the payment or provided a crypto warning on the account.

Mrs A has said that she was vulnerable at the time the payments were made. But for me to say that Wise should have been monitoring her account more closely, or owed an additional duty of care, Wise would have had to have been made aware of this before the transactions. I can't see that it was. So I don't think that it needed to do anything differently or have intervened during payment 1.

That said, I think payment 2 should really have raised concerns, as this was a payment that was a fair amount larger than the payments Mrs A usually made. Had Wise contacted Mrs A at this point and used the opportunity to ask suitably probing questions, there is no reason to suggest she wouldn't have been forthcoming about what she was doing.

Therefore, I'm satisfied that Wise should've had mechanisms in place to detect and prevent this type of fraud at the time Mrs A was making this payment. Had it done so, I think that it likely would've led to it intervening to ask further questions about payment 2.

I would expect Wise to have intervened and asked Mrs A who the payment was for, what it was for, and for the surrounding context of the payment. It could, for example, have asked how she had been contacted, whether she'd parted with personal details in order to open a trading account, had she downloaded remote access software, whether she was being helped by any third parties e.g. a broker, and how she had come across the investment.

I have no reason to believe Mrs A wouldn't have been open with Wise, and I think she would have taken its intervention seriously. So, I think Wise would have quickly learned from its conversation with Mrs A the basic background to the payment instruction – that she was intending to buy cryptocurrency and then sending onto what she thought was a cryptocurrency type trading platform.

So, I think Wise would have been concerned by what the conversation would most likely have revealed and so warned Mrs A, explaining the typical characteristics of scams like this. Had it done so, I think Mrs A would have listened and recognised she was at risk. This being especially the case as when she was warned by her other account provider, she did stop making payments to C. I am therefore satisfied she would have had second thoughts if Wise had intervened effectively.

It therefore follows I think Mrs A would not have gone ahead with payment 2 or the payments afterwards.

As a result, I believe Wise should refund the payments Mrs A lost to the scam from transaction 2 onwards.

### ***Contributory negligence***

There's a general principle that consumers must take responsibility for their decisions. And I have duly considered whether Mrs A should bear some responsibility by way of contributory negligence. In the circumstances, I'm satisfied she should do so in this case.

In this instance there was a FCA warning about C prior to when Mrs A invested saying that C may be carrying out activities without their permission. I accept that crypto trading is not regulated but this should have raised some questions about C, especially as what I can see from an archived copy of its website around this time mentions stocks and forex trading as well as crypto.

There was also an online review which suggested that C were scammers which also linked to the FCA warning. This suggests that Mrs A did not carry enough research into C prior to making the payments, given the amount that she sent to C. I note Mrs A's comments that she did research into B. But when she started dealing with C, I would have expected her to carry out some research on the company she actually invested in.

Also, in her initial submissions to Wise and the other account provider, Mrs A says she was told by C that, by making the investments that she did, she'd be guaranteed returns of 5 – 15 % per month and would double her money in a year. I note that Mrs A has since said it was not guaranteed but was an example. But I do need to bear in mind what she initially said. This is not something a legitimate investment company would ever say, even if it was just an example. Also I think the promised return of doubling her money within a year is significantly too good to be true. I also note that Mrs A has said she has experience in the financial services industry. So I think that being promised such outsized returns by a company that she'd come across on social media that she'd never researched, even if she did not fully believe them, should have raised some alarm bells. I note Mrs A's comments that these returns are in line with what happened with Bitcoin. But Bitcoin goes up and down that amount frequently and importantly, there is no guaranteed return with Bitcoin either.

I also think that C using remote access software to show her various websites should have raised concerns with Mrs A. Whilst I accept that some employers use remote access software, but in this case C was not Mrs A's employer. And I don't think a legitimate investment firm would require access to someone's computer.

Therefore, I'm satisfied that Mrs A's lack of due diligence and failure to question what she was being promised contributed to her loss, such that she should share responsibility with Wise. Because of this, I'm satisfied a 50% deduction is fair and reasonable in the circumstances.

### **Recovery**

I've also thought about whether Wise could have done more to attempt to recover the payments after Mrs A reported the fraud. In relation to transfer 1 the funds were withdrawn straight away. I can't see what happened in the beneficiaries' accounts for transfer 2 and 3. But given the time between these transfers and when the scam was reported, I don't think that any recovery action from Wise could have recovered the funds. I say this because the funds are usually removed from a receiving account as soon as they are received, or at the very least, shortly afterwards.

I have also considered whether Wise should refund the transfers under the Contingent Reimbursement Model ("CRM"). But Wise are not part of the CRM. So I don't think that it needs to refund the transfers due to this.

Finally, I note that Mrs A was unhappy with the way that Wise dealt with her complaint. But overall, having looked at everything, I don't think there were any significant delays or any other errors that merit an award of compensation.

### **Putting things right**

For the reasons given above, I uphold this complaint in part and direct Wise Payments Limited to:

- Refund the payments Mrs A lost to the scam from and including transaction 2 onwards. Then reduce this by 50% in recognition of Mrs A's own contributory negligence towards her loss.
- Pay 8% simple interest per year on this amount, calculated from the date of each payment until the date of settlement, minus any applicable tax.

### **My final decision**

My decision is that I uphold this complaint in part and direct Wise Payments Limited to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs A to accept or reject my decision before 27 September 2024.

Charlie Newton  
**Ombudsman**