

## The complaint

Miss N complains that Wise Payments Limited didn't do enough to protect her from the financial harm caused by an investment scam, or to help her recover the money once she'd reported the scam to it.

## 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 key events here.

Miss N was actively seeking remote job opportunities when she received a notification on social media regarding a job approval. She was then contacted by someone who I'll refer to as "the scammer" who directed her to a Telegram group and a website for a company I'll refer to as "L".

The scammer told Miss N she would receive commission to review and rate travel advertisements and that she would have to pay for each new task by buying cryptocurrency from various individuals and sending it to an online wallet. She was instructed to create an account on L's platform and to provide a 5- star rating for each of the 40 pages of the travel advertisement.

Between 14 December 2022 and 16 December 2022 Miss N made eight transfers to new payees totalling £14,594 from her Wise account. But she was eventually blocked from both the Telegram group and the rating website, at which point she realised she'd been scammed.

When Miss N complained to Wise on 27 December 2022, it restricted all the recipients from receiving further payments and it deactivated her account, returning £65.40 that was left in the account. But it refused to refund any of the money she'd lost. It said that when she signed up to Wise, she agreed with its Terms of Use Agreement and all transfers completed by Wise are final, so it couldn't reverse or recall payments.

Miss N wasn't satisfied and so she complained to this service with the assistance of a representative. Our investigator explained she had no information from Wise to support that it treated Miss N fairly, so she was upholding the complaint. She said without further evidence from Wise, she couldn't determine whether it should have intervened, or if it intervened appropriately, so she recommended that it should refund all the payments Miss N had lost to the scam.

She was satisfied Wise had acted fairly in closing the account, but she couldn't see if the recall request was raised in a timely manner so she couldn't determine if it handled the recall of Miss N's funds fairly.

Wise later explained that it is a money remittance service, and as such it doesn't have the ability to be involved in disputes between senders and recipients, and the obligation of ensuring the legitimacy of the recipient lies with the sender of the payment. It has also explained that when Miss N reported the scam, it reviewed all the recipients' accounts, and

concluded they were all legitimate cryptocurrency traders who weren't involved in the scam, so it was unable to recover any of the funds. But it restricted the recipients from receiving funds from Wise as cryptocurrency trading is against its Acceptable Use Policy. It also closed Miss N's account.

It maintained it didn't know the transfers were part of a scam until after the money was received by the scammer and it had no reason to believe the transfers weren't legitimate.

### **My provisional findings**

I explained the CRM Code requires firms to reimburse customers who have been the victims of Authorised Push Payment ('APP') scams, like the one Miss N says she's fallen victim to, in all but a limited number of circumstances. But the CRM code wouldn't apply to these payments because Miss N received the cryptocurrency she paid for.

I was satisfied Miss N 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although she didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, she is presumed liable for the loss in the first instance.

There's no dispute that Miss N was scammed, but although she didn't intend her money to go to scammers, she did authorise the disputed payments. Wise is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

### *Prevention*

Wise is an electronic money provider ("EMI") and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCODS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I thought about whether Wise could have done more to prevent the scam from occurring altogether. It ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I needed to consider whether it ought to have intervened to warn Miss N when she tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Wise to intervene with a view to protecting Miss N from financial harm due to fraud.

I considered the nature of the payments in the context of whether they were unusual or uncharacteristic of how Miss N normally ran her account. It wouldn't have been obvious from the nature of the payees that she was buying cryptocurrency and none of the individual payments were for particularly large amounts. But Miss N made four payments to four different new payees in one day on 14 December 2022, with the cumulative spend amounting to £5,989.34. And there were four payments on 15 December 2022, with a cumulative spend of £8,539.21 This was a pattern of spending which should have been concerning and as there's no evidence that Wise blocked any payments on either day, I thought it missed an opportunity to intervene.

But I didn't think an intervention from Wise would have made a difference to the outcome. This is because Miss N reported the scam to Wise on 27 December 2022 and her account was deactivated. But between 30 December 2022 and 9 January 2023, she made further payments to the same scam from her sister's account. This indicated she was paying out

more money in an effort to earn the commission she'd been promised and that she was determined to make the payments. So I didn't think there was anything Wise could have said or done to dissuade her from making further payments.

Based on the fact Miss N continued to make payments from another account when she knew or reasonably suspected that L was operating a scam, I didn't think Wise's failure to intervene represented a missed opportunity to prevent Miss N's loss. I was sorry to hear Miss N has lost money and the effect this had on her. But for the reasons I explained, I didn't think Wise was to blame for this and so I wasn't minded to tell it to do anything further to resolve this complaint.

#### *Account closure*

I was satisfied the account closure was in line with the T&Cs of the account.

#### *Recovery*

As Miss N received the cryptocurrency she paid for, I was satisfied there was no prospect of a successful recovery.

#### **Developments**

Miss N's representative has responded to say she was under pressure to find a job and she didn't know anything about cryptocurrency. She borrowed money from relatives which needs to be repaid and the scam has severely impacted her.

#### **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.

I have noted the additional comments that have been made on Miss N's behalf but I'm afraid this doesn't change my position that an intervention from Wise wouldn't have made a difference to the outcome. As I've explained above, Miss N continued to make payments to the scam from another account after her Wise account was deactivated and so there would have been nothing Wise could reasonably have done to prevent her from going ahead with the payments if it had intervened sooner.

I understand Miss N will be disappointed but for the reasons I've outlined above, I don't think Wise failed to intervene in circumstances which could have prevented her loss and so I can't fairly ask it to do anything to resolve this complaint.

#### **My final decision**

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 5 March 2024.

Carolyn Bonnell  
**Ombudsman**