

The complaint

Ms B has complained that Wise Payments Limited, trading as (“Wise”), failed to protect her from an investment-related scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Ms B has used a professional representative to refer her complaint to this service. For the purposes of my decision, I’ll refer directly to Ms B, but I’d like to reassure Ms B and her representative that I’ve considered everything both parties have said.

Ms B explains that she found an investment opportunity when she was researching online. She arranged a call back from a trading broker (“the scammer”) and during that call she was told she could start with a small investment. She has also explained that she did some research about the company online, and she saw that it was regulated. It also appeared to be endorsed by a well-known celebrity.

Ms B has explained that she was in touch regularly with the scammer making small trades, until she was presented with an opportunity to deposit a larger sum of money in return for increased profits. Ms B was told by the scammer to open a Wise account, which she did. She funded her Wise account with five separate payments, including some proceeds from a loan she had taken, before converting £9,400.50 into €11,000, which she sent to an account she was given details of by the scammer. She was given access to a portal which appeared to show real-time stock trades being made, and profit being earned, on the €11,000.

When Ms B sent the payment she was asked for the purpose of it, to which she responded “paying for goods or services”. At this point Ms B was shown a tailored written warning, specific to this payment type, and the payment was then held by Wise, at which point it sent Ms B an email asking her to elaborate on the reason for the payment. After referring to the scammer and being coached on what to say Ms B responded to Wise’s email, explaining that she was paying for services from a company and receiving financial advice from it. Wise didn’t receive this email, so Ms B phoned Wise and gave the same explanation by phone. The payment was then released in line with Ms B’s instruction.

Soon after she’d made the payment, the scammer told Ms B he needed to take some time off work, and that he’d soon be leaving the company. He explained that his team would take care of Ms B’s account in the meantime, but Ms B says that when she had no further contact from either the scammer or the company, she realised she’d been scammed.

As she was unhappy that Wise hadn’t protected her from this scam Ms B complained.

Wise didn’t uphold Ms B’s complaint. It said that as there was very little account activity before Ms B made the payment, it had no reason to believe the payment was out of

character for her. It also said that it showed her a warning before making the payment, alerting her to the existence of scams, and that Ms B chose to proceed with the payment.

Ms B remained unhappy, so she referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. He explained that he thought the ways in which Wise intervened in this payment were proportionate with the payment amount, and although the warning wasn't specific to the actual reason Ms B was making the payment, it's because she'd selected the incorrect reason when she was asked what the payment was for.

As Ms B didn't accept the investigator's opinion, the case has been passed to me to make a 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.

I'm sorry to disappoint Ms B but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Ms B authorised the payment from leaving her account. It's accepted by all parties that Wise made the payment in line with Ms B's instruction, and in line with the terms and conditions of her account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Ms B didn't have any account history with Wise when she made the payment to the scammer, but the first payment she made was a Euro payment for a large amount, which could seem high-risk, if not suspicious, to Wise. So I think Wise was right to intervene in the payment to satisfy itself as far as practical that Ms B wasn't at risk of financial harm.

Wise gave Ms B a warning about the potential of being scammed before she was able to complete the payment instruction.

Wise says that the first page of the warning gave a general "Protect yourself from scams" warning – and asked Ms B to confirm the purpose of the payment. In response to this Ms B told Wise she was paying for goods or services, and she was then shown a second warning corresponding to the purpose of the payment she'd given. I note this warning advised her to pay for the goods or services directly through the website she was buying from and urged her to read independent reviews to check on other customers' experiences before proceeding with the payment.

This warning wasn't particularly effective for the type of payment that Ms B was making, however I don't hold Wise responsible for that. Ms B had selected the incorrect purpose of the payment, and Wise responded to that by giving what it considered to be an appropriate warning, albeit not applicable to the actual reason the payment was being made.

Had Ms B given the correct purpose for the payment – that’s an investment – Wise says she’d have seen a warning that was more tailored to the risks of scams such as this one.

Once Ms B had accepted that she had read the warning, Wise delayed sending her payment, and it instead contacted her by email to ask for some further information about the payment. It asked for the purpose of the payment, to which I’ve seen that Ms B said that she was paying for services from a company and paying for some financial advice. Wise didn’t receive this email, so it didn’t release the payment at this point.

I’ve seen from message transcripts that Ms B was put under some pressure by the scammer to chase the payment so she called Wise. Before making the call she checked with the scammer on what she should tell Wise the purpose of the payment was – to which they reiterated that Ms B should use the reason she had given in her email. I’ve listened to the call and Ms B gave that reason to Wise, and the payment was released on the same day.

Having considered Wise’s and Ms B’s actions, I don’t hold Wise responsible for the money that Ms B has unfortunately lost. Whilst I understand that Ms B is new to investing, I don’t think she conducted adequate checks before making the payment to the scammer. Whilst Ms B received some paperwork, the promised returns were unrealistically high, and I would’ve expected Ms B to be able to give honest answers to Wise in order to fund a genuine investment. As the scammer was directing Ms B on what to tell Wise, which was untrue, I think this should’ve raised some suspicions to her before making the payment.

I also think the interventions Wise carried out were proportionate to the risks the payment posed. As well as the warnings, a member of Wise also interacted with Ms B, and so I think Wise did what it could to prevent Ms B’s money getting in the wrong hands. Ms B however seemed intent on making the payment, under the direction of the scammer and armed with a cover story, so Wise’s interventions were unfortunately unsuccessful.

Recovery of the funds

I’ve seen that Wise attempted to recover the funds as soon as it was made aware of the fraud, but this was around three months after it took place. The receiving bank confirmed that the funds had been removed from the account, but I think this is to expected given the time that had passed.

I’m very sorry that Ms B has fallen victim to this scam and I do understand that my decision will be disappointing to her. But for the reasons I’ve set out above, I don’t hold Wise responsible for the money Ms B has lost.

My final decision

I don’t uphold Ms B’s complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I’m required to ask Ms B to accept or reject my decision before 12 September 2024.

Sam Wade
Ombudsman