

The complaint

Mr H complains that Wise Payments Limited (Wise) won't refund money he lost in an investment scam.

What happened

What Mr H says:

Mr H opened an account with Wise in 2018. He was considering investing to grow his savings so, in time, he could get more financial freedom alongside his full-time job. A group of colleagues told him about an investment firm (which I will call 'firm A'). Mr H looked into firm A and was taken to its website which looked genuine and legitimate. He saw there were positive reviews and his colleagues had been able to make withdrawals from their investments with it. Mr H left his contact details with firm A and was added to a WhatsApp group – where concerns were raised and questions were answered.

Mr H opened a crypto wallet – but it appears this wasn't used to make payments to firm A. He made an initial investment of £99 on 27 October 2023. He could see this was doing well, as were his friends/colleagues. He was therefore encouraged to send more money as shown. During this time, he could see his 'profits' were going up at 2.5% each day, so that encouraged him to put in more **(continued)**:

Date	Payment	Amount
27 October 2023	Faster payment (21 different personal payees) *	£99

1 November 2023	Faster payment (21 different personal payees) *	£500
3 November 2023	Faster payment (21 different personal payees) *	£200
3 November 2023	Faster payment (21 different personal payees) *	£500
6 November 2023	Faster payment (21 different personal payees)	£500
8 November 2023	Faster payment (21 different personal payees) *	£100
9 November 2023	Faster payment (21 different personal payees) *	£100
10 November 2023	Faster payment (21 different personal payees) *	£1,000
10 November 2023	Faster payment (21 different personal payees) *	£1,500
12 November 2023	Faster payment (21 different personal payees) *	£120
14 November 2023	Faster payment (21 different personal payees) *	£300
15 November 2023	Faster payment (21 different personal payees)	£100
15 November 2023	Faster payment (21 different personal payees)	£100
15 November 2023	Faster payment (21 different personal payees) *	£100
17 November 2023	Faster payment (21 different personal payees)	£50
20 November 2023	Faster payment (21 different personal payees) *	£220
20 November 2023	Faster payment (21 different personal payees)	£1,260
20 November 2023	Faster payment (21 different personal payees)	£220
20 November 2023	Faster payment (21 different personal payees) *	£730
20 November 2023	Faster payment (21 different personal payees) *	£515
21 November 2023	Faster payment (21 different personal payees)	£220
21 November 2023	Faster payment (21 different personal payees) *	£215
Total		£8,649

**Denotes warning sent by Wise to Mr H*

After this, Mr H tried to make a withdrawal but wasn't able to – the WhatsApp chat group went quieter, and he couldn't contact firm A. He realised he'd been scammed.

As a result of the scam, Mr H has suffered financial loss and struggles to pay bills. He has suffered a great deal of stress and feels ashamed, embarrassed and angry. He has frequent

sleepless nights.

Mr H says Wise should've intervened – he says he only got some pop-up warnings and these weren't effective. He had no history of trading or investments – and Wise should have seen these were payments for crypto currency. The bank should've intervened and protected him. Mr H says Wise should refund the payments plus interest at 8% per annum and compensation of £300.

Firm A was the subject of a warning issued by the Financial Conduct Authority (FCA) on 5 December 2023.

What Wise said:

Wise said Mr H was sent 15 scam warnings when he made the payments. Each time, he was asked the purpose of the transfer and he selected 'goods and services'. He was asked if he wanted to go ahead and he said he did. As Mr H wasn't truthful about the reasons for the payments, Wise couldn't show him a 'tailored' warning.

Mr H made payments to personal accounts and so Wise couldn't see they were related to the purchase of crypto currency. They had no reason to think they weren't legitimate payments.

Wise said it is for customers to ensure they are paying legitimate payees.

Wise didn't refund any money to Mr H.

Our investigation so far:

Mr H brought his complaint to us. Our investigator didn't uphold it. She said:

- Mr H had made some similar sized payments in April 2023.
- The largest scam payment was £1,500, which wasn't a large value or significantly larger than others he had made.
- The payments weren't made in quick succession and were spaced out over several days.
- The amounts were not of a high enough value to expect Wise to have intervened - Electronic Money Institutes (EMIs) such as Wise are typically used for larger payments so the amounts in dispute wouldn't be considered suspicious.
- Wise does not allow payments for cryptocurrency to be made from its accounts. The payments were made to various individuals. Wise would not have known the payments were being used for cryptocurrency as third-party individuals were used rather than cryptocurrency exchange platforms. Therefore we couldn't expect Wise to have intervened.
- Mr H selected 'purchasing goods and services' for the payments, rather than the true reason – which was 'investing'. As a result, Wise weren't able to issue a more relevant warning about what he was doing.

Mr H didn't agree. He said Wise called him on 10 November 2023 about a payment and this was an opportunity for the bank to intervene and question the payments.

Our investigator listened to this call – it was about a transfer to Mr H's other bank account for

£2,500. So, this didn't alter her view to not uphold Mr H's complaint.

Mr H asked that an ombudsman look at his complaint, and so it has come to me.

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 hear that Mr H has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr H didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out 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 are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make 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.

I need to decide whether Wise acted fairly and reasonably in its dealings with Mr H when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case as Wise hasn't signed up to the Code.

In this case, I don't consider Wise acted unfairly or unreasonably in allowing the payments to be made. Whilst I understand the loss has had a big impact on Mr H, I don't consider the payments were so out of character that Wise ought reasonably to have had concerns that Mr H may be the victim of fraud.

In addition to this, the payments were of a relatively low value and there's a balance to be made; Wise has certain duties to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments. And here - were payments for relatively low amounts.

Therefore, in this case, I think Wise acted reasonably in processing the payments – I don't think that I could reasonably say that Wise should have stopped the payments for further checks.

Payments for crypto:

Mr H was making the payments to buy crypto currency. If Wise could've reasonably known this then we might have expected the bank to have intervened – because we say that from January 2023, firms ought to recognise that cryptocurrency related transactions carry an elevated risk of the likelihood of the transaction being related to a fraud or scam. This is because, by this time many leading firms had appreciated this risk and placed blocks or restrictions on cryptocurrency related transactions, and there had been widespread coverage in the media about the increase in losses to cryptocurrency scams.

But in this case, Mr H wasn't paying money to (say) a crypto wallet – which Wise could then have seen was related to a crypto purchase and might have intervened. In Mr H's case, he was making payments to many different personal accounts, and I can't reasonably expect Wise to have known the payments were crypto-related.

I can also see that Mr H told Wise he was paying for 'goods and services' and not 'investments' – on 15 occasions. If he had been truthful with Wise, the firm could have sent him a specific warning about investing in crypto, for example. But this didn't happen because of what Mr H told Wise.

I listened to the call on 10 November 2023 between Mr H and Wise– Mr H was asking why a payment of £2,500 to his other bank account had been stopped (for security checks). This wasn't related to the scam payments – so I don't consider it has any bearing on Mr H's complaint here.

Recovery

We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Wise took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money. We asked Wise about this and they showed us that the funds were paid into several different accounts with Wise – and the money was removed by 20 November 2023. So, no money remained to be recovered. Wise told us they've closed those accounts now.

I'm sorry Mr H has had to contact us in these circumstances. I accept he's been the victim of a cruel scam, but I can't reasonably hold Wise responsible for his loss. **(continued)**

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or

reject my decision before 18 December 2024.

Martin Lord
Ombudsman