

City watchdog opens probe into tax affairs of Wise founder Kristo Käärman

THE trouble facing Kristo Käärman, the billionaire co-founder of Wise, grew today when the City [watchdog](#) opened an investigation into his tax affairs.

The financial entrepreneur has been on the list of [HMRC](#)'s so-called "deliberate defaulters" since September 2021. He failed to pay a £720,000 bill for 2017-18 and was hit with a fine of £366,000.

Today Wise said the [Financial Conduct Authority](#) has opened its own probe into his affair.

That is potentially very serious since the watchdog has the power to rule him an unfit person to lead a financial business.

Kaarman and Taavet Hinrikus started what was then TransferWise in 2011 after becoming frustrated at the fees charged for moving money to foreign bank accounts.

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The business became Wise, offering cheap money transfers across scores of currencies, and floated in London last July in what was seen as a boon to the capital's reputation as a good home for tech firms.

It was then valued at £8 billion, London's largest tech listing, with the shares at 800p. The pair are said to be Estonia's first two billionaires. Early investors included Richard Branson and controversial tech guru Peter Thiel.

Today the stock was flat at 382p, down 56% on a year ago. It is now worth less than £4 billion amidst a wide sell-off of tech stocks.

Wise has completed its own investigation with outside lawyers and has passed those findings to the FCA.

So far, it seems to be still backing its man.

A statement today said: "Kristo intends to cooperate fully with the FCA in its investigation."

Chairman David Wells said: "The Board takes Kristo's tax default and the FCA's investigation very seriously. After reviewing the matter late last year the Board required that Kristo take remedial actions, including appointing professional tax advisors to ensure his personal tax matters are appropriately managed. The Board has also shared details of its own findings, assessment and actions with the FCA and will cooperate fully with the FCA as and when they require, while continuing to support Kristo in his role as CEO."

Käärman has 19% of Wise's shares, a stake worth £750m, while Hinrikus owns 9%, valued at about £350m.

The list of HMRC "deliberate defaulters" does not usually

include such high-profile names. Alongside Käärmann last year was an electrician called Dean Welsh who failed to pay £26,401 and a lorry driver called Adrian Seliga who owed £30,006.

Wise said it would make no further comment “given the ongoing regulatory investigation”.

Käärmann’s Twitter profile says he is “making money work without borders”. A recent tweet says: “Note to self: don’t be down.”

At the of the Wise float Russ Shaw, founder of Tech London Advocates, described the stock market debut as “a triumph for British fintech and the wider tech industry”.

Lately, London’s desire to chase fintech floats has been less obviously a good idea, given the wider fallout in tech shares.