

Complaint

Mr L says TransferWise Ltd didn't do enough to protect him when he was the victim of a scam.

Background

Mr L has an account with TransferWise. In October 2020, he was contacted by someone purporting to work in their fraud team. The call looked like it had been made from a TransferWise number. He was told that the security of his account had been compromised and that the only way he could protect his money was to transfer it to a safe account. He made two payments from his account of around £600 each. Unfortunately, Mr L wasn't speaking to an employee of TransferWise at all. He was speaking to a scammer.

Once Mr L realised what happened, he quickly notified TransferWise. It attempted to recover the money from the scammer's account but it had been moved on almost immediately. Mr L complained to TransferWise that it hadn't done more to protect him from fraud. It said that there wasn't much it could do because Mr L had authorised the payments. It also said that he could've exercised greater caution when interacting with the scammers.

Mr L was unhappy with the response from TransferWise and so he referred a complaint to this service. It was looked at by an investigator who didn't uphold it. The investigator disagreed with the suggestion that Mr L should've been more cautious. Nonetheless, he concluded that the two payments weren't unusual or out of character and so TransferWise wouldn't have had any grounds for thinking Mr L was at risk of a scam and so couldn't reasonably be expected to have prevented it.

Mr L disagreed with the investigator's opinion and so the complaint has been passed to me to consider and issue a final decision.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There's no doubt Mr L has been the victim of a cynical scam here and he was my complete sympathy. I also don't think it can be said that he acted carelessly. The methods used by scammers are increasingly sophisticated and persuasive. The average customer will often not be aware of these.

But it's important to state at the outset that I'm limited to looking at whether TransferWise met its obligations in respect of these two payments. It is common ground that Mr L authorised them. He was duped by the scammers into doing so. They deceived him over the phone into thinking that his account was at risk of fraud.

I therefore accept that this was an 'authorised payment' even though Mr L was the victim of a sophisticated scam. He used his security credentials to request the payment. So, although he did not intend the money to go to the scammers, under the Payment Services

Regulations 2017, and the terms and conditions of her account, Mr L is presumed liable for the loss in the first instance.

However, 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 TransferWise 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.

TransferWise was therefore obliged to be on the lookout for unusual or out of character transactions that might suggest a customer was at risk of financial harm. Unfortunately, I don't think these two payments were out of character. I've looked at the statement data for Mr L's account and I can see that he sent several payments of a similar size the same month as the payments he made to the scammers.

With the benefit of hindsight, it's now known that Mr L had been targeted by a scammer. If TransferWise had intervened, it's highly likely that it would've been able to prevent Mr L from making these payments. However, based on the information it had available at the time, I don't think it would've had any reasonable basis for stepping in and looking at the payments more closely. For that reason, I don't think I can fairly conclude that it's responsible for failing to prevent the scam from taking place.

I can also see that TransferWise did what it could to attempt to recover Mr L's money. Unfortunately, it was moved out of the receiving account so quickly that it wasn't possible for any of it to be recovered.

Final decision

For the reasons I've explained above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 30 June 2021.

James Kimmitt
Ombudsman