

The complaint and what happened

Mrs F complains that TransferWise Ltd won't refund money that she lost when she fell victim to a scam.

The full details of the complaint are well known to both parties, so I won't repeat them here. Instead, I'll recap the key points and focus on giving reasons for my decision:

- Mrs F wanted to spend some time away and found accommodation she liked on-line. She made enquiries and was told the accommodation was available and if she confirmed her booking within 24 hours, she would receive a 10% discount. Mrs F also need to provide her name and address, along with a copy of her passport or ID card and her phone number.
- Mrs F was sent a holiday letting agreement which detailed the dates of her stay, the price of the rental and applicable terms and conditions.
- On 16 December 2019, following further exchanges, Mrs F sent money from her sterling bank account held in the UK to her TransferWise account. She then transferred out £1,123.16 (1,342 EUR) to pay for the holiday let.
- In February 2020, Mrs F realised she had become the victim of a scam when she received no response to her queries about checking in and the website she had used was no longer active.
- TransferWise has declined to reimburse the lost funds.
- Our investigator didn't uphold the complaint as she didn't think the transaction was one which ought to have flagged concerns. Mrs F believes TransferWise should have acted on notification of the scam in February 2020 and had it done so she believes her funds would have been recovered.

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.

Under the Payment Services Regulations 2017, and in accordance with account terms and conditions, payment services providers should execute an authorised payment instruction without undue delay. The starting position is that liability for an authorised payment rests with the payer even if they were duped into giving that authorisation or it was obtained by third-party fraud.

However, in accordance with the law, regulations and good industry practice, payment services providers have a duty to protect their customers against the risk of fraud and scams so far as is reasonably possible. If, in breach of that duty, a payment services provider fails to act on information which ought reasonably to alert a prudent banker to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result.

The first question I therefore need to consider is whether TransferWise breached that duty when exercising Mrs F's payment request?

There is no dispute that Mrs F was duped into authorising a payment of £1,123.16 for a holiday. This payment took place on 16 December 2019 and was for what Mrs F believed to be a legitimate holiday let. Although this was for a fairly substantial sum, there is no dispute that Mrs F authorised the payments using her usual credentials. So I conclude this was an authorised payment – for which Mrs F is liable unless there is evidence TransferWise could and should reasonably have done more to protect her, which issue I now turn to.

I have considered whether Mrs F's payment request ought to have triggered TransferWise's alert systems such that it ought to have questioned whether she was the victim of a scam and intervened. Contrary to what the investigator said, Mrs F has made higher payments in the six months prior to this transaction. In November 2019, she made a payment of over £6,000 from her account. This is a significantly higher sum that Mrs F hadn't queried – and therefore appears legitimate. In the circumstances, and regardless of that prior payment, I'm not persuaded the payment for £1,123.16 was so unusual or uncharacteristic that it ought to have triggered an alert or given TransferWise grounds for suspecting fraud.

It follows that I find no persuasive evidence TransferWise breached its duty to Mrs F or that it shouldn't have executed without undue delay the payment request she had made and authorised.

I turn now to whether TransferWise took reasonable steps to try and recover Mrs F's funds once it knew of the scam. Mrs F says she notified TransferWise of the scam in February 2020. Whereas TransferWise says it wasn't notified until we told it of the complaint in July 2020. TransferWise has provided evidence that Mrs F tried to email a no-reply email address in February 2020 which was why nothing was investigated sooner. And it tried to recover the funds a few weeks after we told it of the complaint, to no avail.

It's my understanding recovery attempts should usually be made within 48 hours. Mrs F says she told TransferWise of the scam by telephone in February 2020. I haven't been provided with any persuasive evidence in support of that. But even if I accept she did, and so conclude TransferWise should have attempted recovery far sooner, I don't think Mrs F's position would be any different to what it is now. I say this because in my experience scammers usually withdraw the money within a matter of hours. It's common knowledge this is typical behaviour by scammers to avoid detection and recovery. Whilst I can't know for certain, as the overseas recipient bank hasn't provided much by way of information, it's highly unlikely that any of Mrs F's money remained in the scammers' account by the time she realised she had been scammed, nearly two months later.

My final decision

For the reasons given, I don't uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs F to accept or reject my decision before 4 November 2021.

Claire Hopkins
Ombudsman