

The complaint

Mr B complains about the actions of Wise Payments Limited (Wise) when he was the victim of a scam in which he lost £60,000.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In February 2019 Mr B was sadly the victim of a scam. He was tricked into believing he was making an investment with a regulated firm I'll refer to as P.

He conducted his due diligence on P, which all appeared legitimate. But unfortunately, he was in contact with scammers who were impersonating the genuine firm. Mr B was taken through a convincing process prior to investing which (common with many investments) involved him sharing personal identification documents.

Mr B then went on to make transfers from his own bank account to the details provided by the scammers. These took place over three days and totalled £60,000. All the payments concerned went to Wise. Mr B later discovered he'd been the victim of a scam and reported this to his own bank.

Ultimately no money was recovered and Mr B complained. Mr B's initial complaint was that Wise had allowed criminals to open and operate accounts with them. He believed they'd failed in their obligations as a regulated firm and that this had caused his loss. One of our investigators considered the complaint but didn't recommend it should be upheld.

In response to her view on the complaint, Mr B said that he was aware the account with Wise was in his name and that any withdrawals from that account were unauthorised. Our investigator explained that she wasn't persuaded that was the case and that Mr B wasn't an eligible complainant in relation to payments made from the Wise account. Mr B remained unhappy and asked for an ombudsman to make a decision.

I've already issued a jurisdiction decision which explained the limits of what our service can consider in relation to Mr B's complaint.

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.

Having done so, I'm sorry to disappoint Mr B, but I'm not upholding this complaint. I don't doubt the significant impact being a victim in this way has had on him. Particularly due to the personal nature of the funds concerned which I understand were an inheritance from his late wife. But it would only be fair for me to direct Wise to reimburse Mr B his loss if I think they are responsible for acts or omissions which caused it.

The account with Wise (and to which his funds were paid) was opened in Mr B's name. At different times in his complaint journey, Mr B has said that he both was and wasn't aware of this. I've considered this carefully, but I think it's most likely that the account was opened by the scammers, using the documents Mr B provided in the course of dealing with them.

Wise have shared with our service the steps they take upon opening an account and the information with which they were provided. I can't see that they reasonably could have known at the time that they weren't dealing with the genuine Mr B. And I don't think there was anything untoward in their opening of the account that resulted in Mr B's loss.

Mr B has highlighted industry guidance which broadly says businesses should be alert to out of character and unusual transactions with a view to protecting their customers from financial harm through fraud. I agree that is the case. But where Wise are concerned the majority of their business is in performing international transfers. So an account held for that purpose will likely look very different to a regular bank account used for daily expenditure. It isn't uncommon for such accounts to be used for one off (or as here a series) of payments and for those payments to be for significant sums. And in this context, I don't think I can fairly say that there was anything about these transactions that ought to have prompted Wise to have intervened at the time.

Importantly, even if I thought Wise ought to have intervened, I'm not persuaded this would have made a difference in any case. Wise would have used the contact details provided by the scammer who was pretending to be Mr B. And the scammer would no doubt have provided a plausible and legitimate reason for the payments, which would have ultimately resulted in them being made. So overall, I don't think Wise reasonably could have done anything to prevent the fraud.

I've also considered what Wise did once made aware that the payments had been made as a result of the scam. I'm satisfied they acted appropriately in response to both notification from the genuine P (who had contacted them directly) and also in response to Mr B's own bank when they too later reported the matter to them. Unfortunately, the actions they took didn't result in the recovery of any of Mr B's funds.

I appreciate that Mr B seems to have been more diligent than most when entering into the initial 'investment'. And I'm in no way blaming him for the situation he's found himself in. But similarly (within the confines of my jurisdiction to consider this complaint), Wise couldn't reasonably have prevented or done more to recover Mr B's loss. And because of this, I'm not going to tell them to do anything further to resolve this complaint.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 October 2021.

Richard Annandale
Ombudsman