

The complaint

Miss A is unhappy Wise Payments Limited won't refund money she lost as a result of a scam.

What happened

Miss A agreed to purchase some goods on a popular online marketplace. She used her Wise account to make two faster payments to the seller – a total of £700. When the goods didn't arrive, Miss A reported she'd been the victim of a scam.

Wise said it couldn't refund her as the payment had already been completed and its attempts to recall the money had been unsuccessful.

One of our investigators looked into the complaint but didn't uphold it. They didn't think Wise could have known the payments were linked to fraud and were satisfied with its attempts to try and recover the money.

Miss A didn't agree. She thought she should have the same protection with Wise as any other bank, particularly given how regularly she was using her account.

As no agreement could be reached, the case was passed to me for a final decision.

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 know this will be disappointing, but I don't think Wise have made an error here. I'll explain why.

There's no dispute that Miss A authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of her account she is presumed liable for the loss in the first instance.

Wise are not signatories of the Contingent Reimbursement Model "CRM Code", a voluntary code which requires firms to refund victims of scams like this in all but a limited number of circumstances – so I cannot apply its provisions to this matter.

Miss A has referenced 'chargebacks' on a number of occasions, but the chargeback scheme only applies to payments made using credit or debit cards so, again, it is not relevant here.

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 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 payment service providers 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.

To be clear, that means I'm considering whether Wise ought to have found the payments Miss A was making so suspicious or unusual that it ought to have contacted her before allowing them to leave her account. Other than not being able to apply the provisions of the CRM Code (which many, but not all banks are signed up to), I'm considering the same question here as I would be if Miss A had made the payments from a bank account.

As Miss A points out – she had no reason to think she was falling victim to a scam at the time she was making the payments and had no reason to speak to Wise. Given the relatively modest size of the payments and how typical they were for her account, I can't see there would have been any reason for Wise to have queried them either. It follows that Wise haven't made an error by allowing the payments to leave her account.

While there does appear to have been a delay of a few days between Miss A reporting the scam and Wise contacting the firm which received her money, evidence obtained from that firm shows that Miss A's funds were removed from the beneficiary account before she reported the scam to Wise. So, Wise couldn't have recovered Miss A's funds even if it had acted sooner.

My final decision

For the reasons I've explained, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 1 April 2022.

Rich Drury
Ombudsman