

The complaint

Mr B is unhappy Wise Payments Limited won't refund payments he made to a fraudster.

What happened

Between late August 2020 and early October 2020, Mr B made six payments utilising Wise's services, totalling £11,600 to payees based overseas. He believed the payments were made as part of a legitimate investment but, unfortunately, he was actually paying fraudsters.

It wasn't until mid-2021 that Mr B reported the matter to Wise. He complained that it hadn't done enough to protect him from fraud. Wise said that, as Mr B had made the payments himself and it could not be responsible for the actions of recipients, it wouldn't provide a refund. It also said it had attempted, where possible, to recover Mr B's money but hadn't been successful.

One of our investigators didn't uphold the complaint. They were of the view that the transactions Mr B made wouldn't have appeared unusual or out of character to Wise, so it hadn't made a mistake in processing them. The investigator was also satisfied with Wise's attempts to recover the funds.

Mr B asked for the matter to be considered again – so the complaint 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.

There's no dispute that Mr B authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he 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 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 decline to make a payment altogether, to help protect customers from the

possibility of financial harm from fraud.

It's important to note that Mr B only opened his Wise account in late August 2020 and he didn't instruct it to make any payments, other than the disputed transactions. As such, Wise would have no legitimate activity to compare those transactions against and therefore no real basis for deciding that the transactions were unusual or out of character.

The payments were all international, but I understand making international payments is the main reason Wise's customers use its services. So it would be difficult to say that such activity ought to have stood out for this reason either.

The amounts of the payments, though clearly not insignificant, wouldn't alone be enough to give Wise any cause for concern. The payments were also spread out over more than a month. Again, this pattern of activity would make it harder for Wise to recognise Mr B was at risk of financial harm from fraud.

Overall, I don't think Wise acted unfairly by letting the payments proceed, as it would have no reason to think that they were made as a result of fraud.

Finally, I'm satisfied that Wise did enough to try and recover Mr B's funds – it contacted the banks which received five of the payments but didn't receive a response. I understand that there was no attempt to recover one of the payments as it went to a jurisdiction that, according to Wise, requires a local police report to be filed for a recall attempt to be valid. I can see that Wise passed this information back to Mr B's bank (as it had tried to recall the funds from Wise). I think these actions were reasonable and, I'm afraid, given that the scam was reported to Wise many months after it took place, the possibility of recovery was always going to be remote.

My final decision

I know this will be disappointing for Mr B, but 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 Mr B to accept or reject my decision before 20 April 2022.

Rich Drury
Ombudsman