

## The complaint

Mr H complains as a director of G (a limited company) that Wise Payments Limited ("Wise") didn't do more to protect his company when he was the victim of a scam.

## What happened

The circumstances of this complaint are well known to both parties so I won't go into too much detail here. In early 2020, G was approached by scammers pretending to be two companies manufacturing PPE (personal protective equipment) which G was looking to obtain and supply in the UK.

In total Mr H, on behalf of G, made the following payments to the scammers from G's electronic money account with Wise:

Date ordered	Source amount
29 April 2020	£4,030.45
15 May 2020	£26,872.84
16 May 2020	£22,426.70
16 May 2020	£18,946.12
18 May 2020	£31,330.51

Mr H had concerns about the payments when the scammers stopped replying to him about the equipment. He reported the matter to the police in each country he understood the scammers to be in and raised a scam claim with Wise on 29 May 2020.

Wise contacted the beneficiaries' banks on 26 June 2020 to try and recall the funds. In August 2020, Wise responded and said it had tried to retrieve the funds but both the international banks to which payments had been sent had rejected the requests. So, it was unable to help him any further. Mr H made a complaint, and Wise responded further in February 2021 to explain that the payments had been processed in line with G's instructions, so it had fulfilled its obligations. It felt the onus was on G to ensure the payments were being made to the intended recipients.

Mr H was unhappy with Wise's response. He felt it should've done more to protect him from the scam by identifying it before the payments were made. He also felt it should've done more to retrieve the payments after he reported the scam.

I issued a provisional decision earlier this year and didn't uphold the complaint. I said:

- Wise is an electronic money institute and so wasn't subject to the same expectations set out in guidance and regulation as a current account or bank would be when it

comes to fraud prevention. And, as the account holder in this case was a limited company, any regulation or best practice setting out Wise's obligations to individuals didn't apply either. But, I was satisfied that Wise did have a duty of care to treat its customers fairly under PRIN 2.1 as set out in the Financial Conduct Authority (FCA) handbook. And I could see it's own terms and conditions reflected that it would take action if it suspected, amongst other financial crimes, fraudulent activity. So I felt it ought to have had some systems in place to monitor its accounts and any additional checks it carried out into suspicious transactions should be proportionate to its relationships with its customers.

- Taking the above into account, I felt Wise might've been negligent and liable for reasonably foreseeable losses if, in breach of its duty of care, it failed to act on information which ought reasonably alert a prudent authorised payment institution to potential fraud or financial crime by, or against its customer. But, overall, I didn't think Wise had failed in its obligations to G in this case.
- The Payment Services Regulations 2017, alongside Wise's own terms and conditions, indicate that Wise should execute and authorise payment instructions without undue delay. And as a starting point there is a presumption that liability for authorised payments is on the payer, even where it might've been made as part of a scam. Based on the way the account had historically been used, it seemed to me it was solely for the purpose of G sending large payments to international accounts during the course of operating its business. And although payments to the scammer were larger than payments generally had been, I didn't think it was unreasonable that a business might send larger payments from time to time. Overall I thought the payments would've appeared to have been in line with G's general use of the account so I didn't think Wise ought to have intervened or carried out further checks.
- As Mr H had provided considerable detail around the checks he'd carried out before making the payments he did, I didn't think it was likely that even if Wise were required to provide G with any warnings about the way scams tend to be perpetrated, this would've prevented the payment. Especially as the situation he'd described wasn't in line with a typical scam. So I thought it was unlikely Mr H would've thought any warning would've applied to his situation as the circumstances described would've been different.
- I would've expected Wise to make reasonable attempts to try and recover G's money when it was made aware of the scam. It doesn't provide a dedicated fraud team to its customers and due to the volume of enquiries it received around the time Mr H reported the scam it was unable to look into things until around a month later. But, when Wise did contact the beneficiary banks, in all but one case they didn't respond. I didn't think it likely this would've been different had they been contacted sooner as they clearly weren't willing to cooperate on this occasion. In the case of one payment the beneficiary's bank responded and said no funds remained. In my experience, fraudulent funds tend to be moved quickly once received. So overall I didn't think it likely the funds could've been recovered had Wise acted sooner than it did.
- Mr H felt he should receive compensation from Wise for the delays and for the distress he'd suffered as a result of the scam. He also said he felt like he had to do all the work and Wise didn't help him. But I didn't feel any compensation was due in this case. The eligible complainant here was G, a limited company so although I could consider the inconvenience the company had suffered, a company couldn't experience personal distress. Overall, I felt Wise had acted in line with what I'd expect and much of the inconvenience had been caused by the scam itself, not by

Wise.

Wise didn't respond to my provisional decision. Mr H did respond and requested additional time to provide further information. This was given to him, but no further information was received by the deadline given. Because of this, I've proceeded to issue my final decision based on the evidence available.

### **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.

As neither party has provided any additional information for me to consider, I see no reason to depart from the findings in my provisional decision, outlined above.

As I don't think Wise has missed an opportunity to prevent G's loss, I don't think it needs to pay any compensation in this case.

### **My final decision**

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 15 April 2022.

Faye Brownhill  
**Ombudsman**