

The complaint

Mr and Mrs B made a payment using their account with Wise Payments Limited (trading as Wise) for £4,210, thinking they were paying to rent a property, but this turned out to be a scam. They are unhappy that Wise was unable to stop the payment from leaving the account and the customer service they received when making contact about this.

What happened

Mr and Mrs B say they found a rental property online using a well-known website. They agreed to make a payment to secure the property and this later turned out to be a scam. They say they contacted Wise an hour later to block the payment but were told to call back the next morning to see if the payment had been successful or not. They felt this was incorrect advice and the payment could have been stopped by Wise when they initially called up to report the scam.

Wise didn't uphold Mr and Mrs B's complaint. It said, as the customers completed the transaction it couldn't be cancelled or recalled. It went on to say it doesn't have the ability to be involved in disputes between senders and recipients, so it recommends that customers know and trust the person or business that money is being sent to. And, that it is only responsible for foreseeable loss and not those beyond its control – so before a transaction leaves its systems but not afterwards. It attempted to recall the payment, but this was unsuccessful and so was any recovery of the funds. Wise has provided evidence that it attempted to contact the recipient account on the next day, but no funds remained in the account.

Unhappy with Wise's final response on the matter Mr and Mrs B brought their complaint to our service. One of our investigators looked into things and didn't uphold the complaint. In summary he said:

- Due to the nature of this type of account it was opened, and the payment made online, without any interaction between the customers and the business.
- There wasn't anything about the payment that ought to have put Wise on notice that Mr and Mrs B were at risk of fraud.
- He didn't think that Wise had missed an opportunity to identify the payment as being in relation to a scam.
- He was satisfied that Wise took steps, once it was aware the payment was in relation to a scam and did what it could to attempt to recover Mr and Mrs B's funds – but this was unsuccessful.
- He was satisfied that by the time Mr and Mrs B contacted Wise about the scam, the payment had already been made.
- He appreciated that Mr and Mrs B were given incorrect information when they initially called, but he didn't think any incorrect information or poor service meant they should receive a refund.

Mr and Mrs B didn't accept the investigators findings and raised the following points:

- Wise could have acted a little more aggressively in calling back the money or blocking the receiving account and wanted to see the timeline of events around this.
- Why were they told the money hadn't left the account (as it was late in the afternoon) and to try again in the morning, before the money had "fully transferred"– they felt something may have been overlooked as they were convinced the money hadn't left the account.
- They asked if Wise could be held responsible for negligence over its customer service.

The investigator provided the timeline of the payment and explained that when dealing with international payments it was often be difficult to recall and recover money. International banks and payment institutions aren't subject the same UK obligations, in terms of when and how it should respond. But he was satisfied that Wise did what it could, in its attempts to recover Mr and Mrs B funds.

Overall, he was satisfied the payment left the account shortly after it was authorised by Mr and Mrs B. So, the information they say they received on the phone wasn't correct. But he was satisfied that the payment couldn't have been stopped or prevented at this point. He went on to say he wouldn't be holding Wise responsible for a refund of the losses because of the customer service it provided. He said whilst the service could have been better this wouldn't have any impact on the success of the claim.

As Mr and Mrs B didn't accept the investigators findings, they asked that an ombudsman review the matter. So, the complaint has been passed to me.

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've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having carefully considered everything, I agree with the investigators findings and can't fairly hold Wise liable for Mr and Mrs B's losses. I'll explain why.

There's no dispute that Mr and Mrs B authorised the transaction and that means that under the Payment Services Regulations 2017 and the terms of the account they are 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 this was the only transaction on the account. As such, Wise would have no legitimate activity to compare this transaction against and therefore no real basis for deciding that the transaction was unusual or out of character. The payment was 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. The value of the payment, though clearly not insignificant, wouldn't alone be enough to give Wise any cause for concern.

I appreciate that now, with the benefit of hindsight, Mr and Mrs B feel that Wise ought to have stopped this payment. But based on the knowledge that Wise had at the time, I don't think there was anything about this payment that ought to have put Wise on notice that Mr and Mrs B were at risk of financial harm.

So, I don't think it was unreasonable of Wise to process the payment. And therefore, I don't think it unreasonable for Wise to then decide not to refund to Mr and Mrs B for these reasons.

Could Wise have done more after the scam?

I've also considered Wise's actions after it was notified about the scam. I've also carefully reviewed its terms and conditions on completing, cancelling and attempting to recover funds after a payment has been authorised. Having done so, I don't think Wise should refund Mr and Mrs B for these reasons either.

Wise's transaction logs show the payment was converted and processed instantly. So even if Mr and Mrs B called Wise within an hour of making the payment, it had already been processed by Wise.

Wise's terms and conditions also say that; a payment cannot be cancelled once the funds have been converted into the target currency, and a completed transfer can't be cancelled. So, I'm satisfied that Wise correctly adhered to its own terms and conditions here when it said the payment couldn't be stopped.

I appreciate Mr and Mrs B say they were told to call back as the money hadn't left the account but that wasn't the case. Whilst I don't doubt what Mr and Mrs B have said about this conversation, Wise's notes don't reflect that these details were discussed. But even if they were, this doesn't lead me to conclude that Wise is responsible for or could have prevented Mr and Mrs B's losses at this point.

Wise attempted to contact the beneficiary bank the following day and whilst I think it could have acted quicker in general, I'm not persuaded this would have prevented Mr and Mrs B's losses. I say this because the 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.

Overall, I'm satisfied Wise couldn't have prevented Mr and Mrs B's losses after the payment had been made.

My final decision

I appreciate this will come as a disappointment to Mr and Mrs B, but I don't uphold the complaint against Wise Payments Limited (trading as Wise)

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Mrs B to accept or reject my decision before 7 July 2022.

Sophia Smith
Ombudsman