

The complaint

Mr C complains, on behalf of M, that Wise Payments Limited won't reimburse transactions he didn't make or otherwise authorise.

The full details of this complaint are well known to both parties, so I won't repeat them here. Instead, I'll recap the key points and focus on giving reasons for my decision:

- In February 2022, Mr C received a text purporting to alert him to being in close contact with someone with Covid. The message contained a link to order a PCR test and pay for postage. Mr C filled in personal and banking information. Shortly after, and feeling uneasy about what had happened, Mr C reported it to his bank, and ordered a new card.
- About a week later, Mr C received a call from someone claiming to be his bank to tell him his account was at risk. They knew personal information about him, including about the earlier text message noted above. Mr C was told his account was compromised and he needed to act to protect it. He was also asked if there were any linked accounts, to which he confirmed this Wise account. The caller pretended to get Wise on the line in a conference call but needed Mr C to pass security in order to complete that. So Mr C provided security information in order to facilitate the conference call. Mr C was asked to note down lots of information including numbers and codes. And he was asked to share numbers and codes he was also provided with during the call. But, and unknown to Mr C, the caller was accessing the Wise account and making transactions of over £55,000.
- Mr C discovered the loss when the call ended and he called Wise immediately. But Wise declined to reimburse the transactions. Although it acknowledged the transactions hadn't been authorised, it said Mr C had been grossly negligent and the loss wasn't reasonably foreseeable to it.
- Our investigator upheld the complaint in full, as she wasn't persuaded Mr C made or otherwise consented to the transactions, and she didn't find he'd acted with gross negligence. Wise asked for the matter to be referred to an ombudsman as it considers Mr C was grossly negligent and in breach of its terms, when willingly and knowingly resetting the account password and providing that to another individual.

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 agree with the conclusions reached by the investigator for the following reasons:

- In line with the Payment Services Regulations 2017 (PSRs), Mr C (nor M) isn't liable for payments he didn't authorise, unless he failed with gross negligence or intent to comply with the terms of the account or keep the personalised security details safe.
- Wise accepts Mr C has fallen victim to an impersonation scam, and didn't carry out the transactions himself, or authorise someone else to carry them out. Under the

PSRs the payments weren't, therefore, consented to and so I find they were unauthorised.

- I don't find Mr C failed with intent to keep his security details safe. I accept Mr C passed on codes and other information and may have even reset and shared a password. But he was following instructions he thought were necessary to keep accounts safe.
- I also don't find he failed with gross negligence. Mr C believed he was speaking with someone from his bank. It knew details about him, including information about the earlier text he had reported which had resulted in a new card. Given that, I'm not persuaded he would have found a call from his bank to be unusual.
- I accept Mr C passed on information he shouldn't have, including codes and possibly passwords. But I don't think this means Mr C seriously disregarded an obvious risk, and therefore failed with gross negligence.
- Mr C describes having a lot of information thrown at him, having to take down numerous numbers and codes and read them back to the caller. He also describes a sense of panic and increasing anxiety in ensuring his account was safe. He believes this was done to cause confusion, something I accept as entirely plausible. I acknowledge the caller was from his bank and those of us within the industry might recognise a suggestion of getting another finance provider on the phone to be strange. But I don't think the same can be said of the layperson. It's not inconceivable to believe a bank would help protect its customer, including with accounts held elsewhere. And here, Mr C was led to believe a conference call was taking place that required him to pass security in the same way he did with his bank and Wise more generally. This was a sophisticated and multi-layered process which started with a simple text that laid the groundwork for the later scam to take place. Overall, I can see how Mr C was fooled into believing the steps he took were necessary to keep the account safe, and I think a lot of people would have been fooled into doing the same, or something similar.
- I don't find Mr C's actions fell so far below what a reasonable person would have done that it amounts to gross negligence. So I conclude neither Mr C, nor M, is liable for the transactions and Wise needs to put that right – by refunding the loss from the unauthorised transactions alongside interest to compensate for the time without those funds.
- As a final point, I feel I must comment that Wise has attempted to rely on its terms which set out it isn't responsible for any loss that isn't foreseeable. Setting aside it is absolutely foreseeable for customers to fall victim to impersonation scams, there is no such provision within the PSRs for Wise to decline to reimburse an unauthorised transaction on that basis.

My final decision

For the reasons given, my final decision is that I uphold this complaint. I require Wise Payments Limited to:

- Reimburse Mr C, on behalf of M, £55,305.82; and
- Add 8% simple interest per year from the date of that loss to the date of settlement, less any lawfully deductible tax.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 27 December 2022.

Claire Hopkins
Ombudsman