

The complaint

Mr S complains that Wise Payments Limited didn't do enough to prevent the loss he suffered when he sent money to one of their accounts as the result of a scam.

Mr S has used a representative to bring his complaint, but for ease of reading, I'll mostly refer to Mr S himself and will ascribe the comments of the representative to him.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here. In November 2021 Mr S says he was the victim of a scam. He says he was tricked into making a payment believing it was to fund a genuine investment. On 22 November 2021 Mr S sent £20,050 from his account with another bank 'H' to an account held with Wise. This was sent in two payments of £50 and £20,000. Initially Mr S was told by the 'scammer' that the £20,000 had never arrived.

Mr S reported this to H and in December 2021 he contacted Wise. Wise explained that they couldn't share information about the account (including what if any funds had been received) with him directly and recommended that he ask H to request a recall. Mr S said H had told him funds had been correctly credited to the account on the day they were sent.

Mr S realised he'd been the victim of a scam when he'd been unable to make a withdrawal from his 'investment'. He complained to both H and Wise. I'm aware that H refunded half of his loss under the Lending Standards Board's Contingent Reimbursement Model. A complaint was referred to our service and one of my Ombudsman colleagues issued a final decision in March 2023. In summary the decision directed H to pay £5 (which Wise had recovered but they were waiting for an indemnity from H before returning it). But the decision didn't support that H needed to refund the outstanding 50%.

The complaint about Wise was considered by one of our Investigators who didn't recommend it should be upheld. In summary she didn't think there were any failings by Wise where it would be fair to ask them to provide any redress. Mr S disagreed and asked for an Ombudsman to review his complaint.

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'm satisfied that Wise correctly followed their account opening process for the account that received money from Mr S. I don't think there was anything at that stage that would have indicated that the account might later go on to be used in connection with a fraud or scam. So, I don't think Wise could have prevented Mr S' loss in relation to the opening of the account.

I also don't think there was anything so unusual about the activity on the Wise account (including the arrival and spending of the payments from Mr S) where I'd have expected Wise to have intervened and to have done more. I appreciate that £20,000 is a not insignificant sum and I've considered Mr S' comments on that point. But given the type of account and it's expected and intended use, in the circumstances of this complaint, I don't think Wise could reasonably have been expected to have intervened. Wise have also confirmed that they had no other reports or notifications of scams prior to Mr S' funds being spent.

When Wise were first contacted it was with a concern that the money hadn't arrived (not to report a scam). Mr S' funds were spent from the account before Wise were on notice that the incoming payments had been made as the result of a scam. I think Wise communicated appropriately with H and it's not uncommon for receiving banks to request an indemnity before returning funds. So I can't say Wise have acted unreasonably by requesting one for the small sum that was later recovered.

I'm pleased that Mr S was able to recover at least some of his loss through H. And whilst I'm naturally sympathetic to his outstanding loss, as I don't think Wise are responsible for that loss or a proportion of it, there isn't a reasonable basis upon which I can direct them to reimburse Mr S.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 27 June 2023.

Richard Annandale
Ombudsman