

## **The complaint**

Mr L complains about the actions of Wise Payments Limited when he was the victim of a scam in which he sent money to one of its customer's accounts.

## **What happened**

The detailed background to this complaint is well known to both parties. So I'll only provide a brief summary of some of the key events here.

In December 2020, Mr L made a transfer of around 49,000 AUD from his overseas bank account to an account held with Wise to fund what he believed at the time was an investment opportunity with a regulated firm I'll refer to as 'G'. Unfortunately, G had been 'cloned'. So Mr L had been liaising with fraudsters impersonating G – not with the genuine firm. When Mr L realised he'd fallen victim to a scam he notified his bank, who contacted Wise, but no funds remained to be returned. Mr L also made direct contact with Wise asking that it block the recipient account and return the money he'd been tricked into transferring to its customer's account. Wise said it couldn't return or refund the disputed payment and referred Mr L back to his own bank.

Mr L is unhappy with how Wise have handled matters. He believes Wise facilitated the scam and has failed in its duty of care by providing accounts to fraudsters. He asked our service to look into things. Our Investigator considered Mr L's complaint but didn't recommend that it should be upheld. She was satisfied that Wise had acted fairly because it hadn't missed an opportunity to prevent Mr L's loss; and the disputed funds had been utilised before receipt of notification of fraud. She concluded that Wise didn't need to do anything further to resolve Mr L's complaint. Mr L disagrees and has asked for an Ombudsman to reconsider 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.

Firstly, I'm sorry to hear Mr L has been the victim of a scam. But having thought very carefully about everything I've come to the same outcome as the Investigator and for broadly the same reasons. Understandably this will be disappointing for Mr L, so I will explain why.

I think it would be helpful for me to start by explaining that in circumstances such as Mr L's an account that is later found to have been utilised fraudulently doesn't automatically entitle the victim who was tricked into sending funds to that account to a refund of their losses. I could only direct Wise to refund Mr L's loss if I'm satisfied it reasonably failed to prevent it or did something wrong where it would be fair to ask it to provide a refund.

With that in mind, I've considered Wise's actions when opening the account and monitoring its operation. And the adequacy of its response when notified its customer's account was in receipt of fraudulently obtained funds.

I agree with our Investigator and am satisfied Wise didn't miss an opportunity to prevent Mr L's loss when opening the account. From the information Wise has provided I can see it completed identification checks in line with its regulatory obligations and I don't think that there was anything at the time that reasonably could've alerted it that the account it was opening would later go on to be used in connection with a fraud or scam. So I don't think Wise could've prevented Mr L's loss in relation to the opening of the account.

I've also reviewed the statements for the account which received Mr L's funds and taking into consideration the nature of the account and its expected use I don't think that Mr L's payment crediting the account, nor the spending of those funds would have given Wise cause for concern in a way that I'd say it ought to have intervened. Wise have also confirmed that prior to receipt of notification of fraud from Mr L's bank it had not received any other fraud notifications about the recipient account. So I don't think Wise missed an opportunity to prevent Mr L's loss in this way.

I've considered Wise's actions once it had been put on notice. I can see from the recipient account's bank statements that Mr L's funds had been spent before Wise received notification of fraud from Mr L's bank, or from Mr L directly. Both of which were on 11 December 2020. I'm satisfied Wise took action as I'd expect upon receipt of notification of fraud from Mr L's bank. It blocked the recipient account, and correctly informed Mr L's bank that no funds remained that could be returned. I appreciate why it might've felt unsatisfactory to Mr L to be told to contact his own bank when he contacted Wise. But I can't say Wise have acted unreasonably as the process (followed by UK banks/payment service providers) for reporting payments made as a result of authorised push payment (APP) fraud is for the payer's bank to send notification to the recipient bank. One of the reasons for this is to mitigate the risk of malicious claims from unknown parties, which to be clear isn't something I'm suggesting has happened here. I can also see, whilst there's no obligation on them to do so, that Wise did attempt to recall payments that had been sent out of its customer's account – to which the response received was that no funds remained. As such, I don't think I can fairly say that Wise have treated Mr L unfairly or that it could have reasonably done more to try to recover Mr L's funds.

Mr L says he tried calling Wise over the weekend, but its contact numbers were not reachable. He questions why Wise do not have easier and quicker support available for fraud victims. I appreciate under the circumstances Mr L found himself in, why he may have found it frustrating, not to be able to speak to someone at Wise. But the decision about the days and times Wise offer telephony support is a business decision – and one it's entitled to make. So I can't say that it's done anything wrong by not offering phone contact over the weekend. And here even if Mr L had spoken to Wise this wouldn't have made a difference to the sum it could've recovered from the recipient account, as his funds had already been spent.

Despite my natural sympathy for the situation in which Mr L finds himself, I can't fairly tell Wise to do anything further to resolve this complaint.

### **My final decision**

My final decision is that I do not uphold this complaint.

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

Sonal Matharu  
**Ombudsman**

