

The complaint

Mr I complains that Wise Payments Limited won't refund money he lost after he fell victim to an Authorised Push Payment (APP) scam.

What happened

The circumstances which led to this complaint are well-known to both parties and have been laid out in detail in our Investigator's view, so I won't repeat them all here. But, in summary, I understand them to be as follows.

Mr I has explained that, in August 2022, he made a number of payments to somebody, to help him optimise sales through an online store. Unknown to him at the time he was dealing with a fraudster and had sent payments to an account that the fraudster controlled.

A breakdown of the payments Mr I made from his Wise account, totalling £1,410, is detailed below;

3 August 2022	£145
4 August 2022	£145
8 August 2022	£330
14 August 2022	£360
30 August 2022	£430

Mr I has said he realised he'd been scammed after the fraudster blocked him. He reported the matter to Wise. Wise looked into Mr I's complaint and issued its final response on 30 September 2022 not upholding the complaint. In summary it said that while it sympathised that Mr I had lost this money, it had completed the transfers as directed by Mr I and had fulfilled its contractual obligations.

Unhappy with Wise's response, Mr I brought his complaint to our service. One of our Investigator's looked into Mr I's complaint but didn't uphold it. In summary, our Investigator didn't think the payments Mr I made would have appeared so unusual or suspicious to Wise that it ought to have been on notice that there was a risk fraud was taking place. Our Investigator added that he didn't think there was a realistic chance that Wise would have been able to recover any of the money he lost from the beneficiary bank (the bank to which the payments were made).

Mr I disagreed with our Investigator's view. As no agreement could be reached, the complaint has been passed to me for a final decision.

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.

There's no dispute that Mr I authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is 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.

Payment Service Providers have a difficult balance to strike in fulfilling its obligation to process payments in line with its customer's instruction against identifying, and intervening in, potentially fraudulent payments.

In the circumstances of this case I can see that Mr I opened his Wise account on the same day the first disputed payment was made. The account was opened for the purpose of making these payments and the disputed transactions were the only payments made from the account. This meant that Wise had no previous history on Mr I's account that allowed it to assess if the payments were unusual or out of character in comparison to any account history.

Looking at the payments Mr I made, I don't think there was anything about them that would have appeared so suspicious to Wise, that I could fairly and reasonably have expected it to have been concerned that Mr I may have been at risk of financial harm. Or for it to have foreseen that he may have been at risk of falling victim to a fraud. With this in mind, I don't think Wise made an error in allowing the payments to be progressed, or missed an opportunity to prevent the fraud.

Finally, I can see that Wise did contact the receiving bank, but it didn't do this until some time after Mr I had reported the scam to it. While this is well beyond the time I'd reasonably expect a business to attempt to recover the funds, I don't think it's more likely than not that this made a difference in the circumstances of Mr I's complaint.

Wise is reliant upon the international bank choosing to return the funds. It can't require or force them to and unfortunately the bank wasn't able to recover the money. And sadly, it is quite typical with these types of scams for fraudsters to move money away from the beneficiary account, straight after the payments are made, presumably to frustrate the efforts at this type of recovery.

It's very unfortunate Mr I has lost this money in this way, and I understand the whole experience has been deeply upsetting for him. But in the circumstances, I don't think I can fairly or reasonably say Wise should have done more to prevent Mr I from losing this money. So, I don't think it would be fair for me to ask Wise to refund the loss.

My final decision

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 I to accept or reject my decision before 14 April 2023.

Stephen Wise
Ombudsman