

The complaint

Mr C complains Wise Payments Limited (“Wise”) reviewed and subsequently delayed his payment to another account causing him financial loss, inconvenience, and significant distress.

What happened

On 27 May 2022, Mr C made a payment from his Wise account to one of his accounts overseas. Mr C says sending payments in this way normally took seconds, but on this occasion, he got sent a message from Wise saying the transfer needed to be checked and that this would be completed by 31 May 2022.

Wise asked Mr C to send some information, which he did.

As the transfer wasn't completed, Mr C called Wise around the 31 May 2022. Mr C says he was told checks were being run for compliance reasons, and he couldn't be given a firm date as to when this would be completed. Mr C says he was told it could take between 10 to 15 days.

Mr C asked for his transfer to be cancelled but was told this couldn't be done as it was subject to the checks Wise needed to complete. Mr C says he was in acute need of the money reaching his overseas account as he had financial obligations there that would otherwise default.

Mr C also says that because of his money being withheld in this way, he had to take out a high-cost short term loan. Mr C says he has been caused significant distress and inconvenience.

On 7 June 2022, Wise sent the transfer to Mr C's nominated overseas account.

Unhappy, Mr C complained. Wise didn't uphold his complaint. In summary, some of the key points it made were:

- The checks were completed in line with section 9.1 of Mr C's Customer Agreement. And the transfer was suspended because Wise needed to complete a sanctions review
- In accordance with section 12.7 of its Agreement, the transfer remained on hold until Wise reviewed the information provided
- When Mr C first provided information for his transfer, he saw an estimate that it should have been completed by the 31st of May 2022. That was an estimate based on the general timeframe it can take Wise's team to review information
- Around that time, Wise was experiencing a high volume of transfers, which increased the time it was taking to complete such reviews. It was taking around 10-15 working days, with some as an exception taking longer

- Wise apologised for any confusion that was created by the initial estimate Mr C saw. And due to the misunderstanding around the verification time frame, and the inconvenience caused, Wise offered Mr C three free transfers up to the value of £100

Mr C referred his complaint to this service. One of our Investigator's looked into Mr C's complaint, and in summary they found:

- Mr C made a payment of £1,200 to his bank account overseas to cover essential bills, and he was happy to go ahead as he received confirmation it should reach the nominated account by 31 May 2022
- Wise blocked Mr C's payment and carried out additional checks which it was entitled to do so in line with the terms and conditions of the account
- The estimated timescales for payments to be sent are on Wise's website – they can take between 2 to 10 working days. But had Mr C been provided these timescales before, he may have decided not to go ahead with the transfer
- As Mr C was presented with the incorrect timescales of when the payment should reach the beneficiary account, Wise should pay him £75 for the stress and inconvenience this caused him

Wise agreed with what our Investigator said. Mr C did not. In summary, some of the key points Mr C has made are:

- Mr C agrees Wise carried out additional checks in line with the terms of the account, and in line with its obligations. But he challenges why it didn't reverse the payment and refund him the payment as per his eligibility under the terms of the agreement
- Clause 12.7 of the customer agreement says verification checks may increase the time it takes to process the payment, but clause 12.11 says Mr C can cancel the payment order before the funds are converted. Wise was not able to comply with Mr C's rights under this section due to the system restrictions it had
- If the above point holds true, Mr C should be awarded compensation proportionate to the amount of money he was sending and the significant mental duress he had to go through. He should also be given an apology in letter

As Mr C didn't agree, his complaint has now been passed to me to decide.

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've decided to uphold this complaint in part. I know this will disappoint Mr C, so I'll explain why.

Financial businesses in the UK, like Wise, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship, which will include individual payments.

Wise told Mr C it needed to complete a sanction's review of his payment. I note Mr C agrees that Wise has important obligations it must follow.

But I still think it's worth noting that Wise has important legal and regulatory obligations it must meet when providing accounts to customers, which includes ensuring no UK or other international sanctions might be breached. Those obligations are overriding in terms of otherwise meeting general timeframes for payments to process. And this is the same for every regulated financial business. This does mean that sometimes legitimate payments are justifiably delayed.

Wise will monitor accounts and carry out specific or occasional checks to comply with its responsibilities. Wise wanted further information about the payment Mr C instructed it to make which he provided promptly. Having reviewed Wise's actions, I'm satisfied the hold on the payment to carry out checks was legitimate and reasonable.

This brings me onto the crux of Mr C's complaint. That is, the terms, specifically section 12.11 say a customer *may cancel their payment order before their funds are converted*. So Mr C argues that Wise failed to apply its terms fairly, and its systems and processes failed in permitting this to happen.

Section 12.7 of Wise's customer agreement says "*We carry out verification checks, and these checks may increase the time it takes to process your payment order. We cannot be responsible for any delays as a result of carrying out those checks*".

So what Mr C's argument boils down to is which terms takes greater precedence. I've already said the obligations to which section 12.7 speaks to here are overriding. When presented with meeting its wider legal and regulatory obligations, or refunding Mr C his money, I'm satisfied Wise acted fairly and in line with those obligations by continuing its checks.

On or after the 31 May 2022, Wise explained its checks could take up to 15 days to complete – and that there was no guarantee. Similarly, Wise's website says payments can take 10 working days to reach its destination. Wise was able to complete its checks and send the money onto the nominated account within this timescale.

Mr C says he's used Wise to transfer payments overseas on many occasions and has previously been very happy with the speed at which the payments arrive. I note Mr C says he had to take out a high-cost loan to help him meet his financial commitments. I can't be sure from what I've seen that these funds were exclusively for his commitments overseas. But ultimately, I don't think Wise did anything wrong in verifying the payment nor did it cause undue delay. So I don't think it needs to compensate Mr C for taking out this loan.

Mr C has shown he was being chased for a credit card payment overseas. But I haven't seen any statement or paperwork related to that credit institution charging him for a late payment or threatening to default his account. In any event, I'm satisfied any consequence, or threat of, that Mr C suffered overseas because his payment was delayed wasn't because something Wise did wrong.

I do however agree Mr C was given an incorrect timeframe of three days for a payment to clear overseas when Wise's website says it could take up to 10 days. I note these timescales are not guarantees nor do they mitigate for any additional checks that may need to be carried out. None the less, Mr C relied on what he was told.

Because of this, I'm satisfied Wise should compensate Mr C for any distress and inconvenience this caused. When weighing up what I think is a fair amount, I need to also

consider that Wise's actions in reviewing the payment was fair. I'm persuaded £75 is fair redress.

Mr C argues this isn't proportionate compensation given the amount he was sending, and the impact this had on him. But as I've said, the compensation here speaks to being misinformed about the timescales. Ultimately the basis of the checks, and added time through verifying the payment, were done so for legitimate and justifiable reasons.

Finally, I don't underestimate the impact that Wise observing its obligations had on Mr C – and I can appreciate why he feels so strongly about his complaint.

My final decision

For the reasons above, I uphold this complaint in part. Wise Payments Limited must now pay Mr C £75 for the distress and inconvenience it caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 3 November 2023.

Ketan Nagla

Ombudsman