

## The complaint

Mrs Z complains that Wise Payments Limited ('Wise') won't refund the money she lost when she was the victim of an investment scam.

## What happened

In August 2022, Mrs Z came across a business advertised on the internet through which she was looking to invest. She says she filled in some details online, including her phone number, and was then called by someone claiming to be a representative of that business – and that they were able to transfer money from accounts, which she held with two separate banks, to her Wise account. That money was then sent from Wise to a payment processing platform (Simplex) for the purchase of cryptocurrency and to a third-party bank account. The payments I've considered as part of this complaint are as follows:

	Date	Payee	Amount	Payment Method
1	24-Aug-22	Elastum-Simplex	£995	Successful – Card Transaction
2	24-Aug-22	Paybis-Simplex	£1,000	Successful – Card Transaction
3	24-Aug-22	Elastum-Simplex	£3,000	Unsuccessful – Card Transaction
4	24-Aug-22	Third-party bank a/c	£3,000	Successful – Transfer

When Mrs Z realised what had happened, she contacted Wise, on 24 August 2022, requesting a stop on payment 4. I understand she's already been compensated for the loss of payments 1 and 2 by the bank from which those funds originated. A formal complaint was later raised with Wise in September 2022 and referred to our Service.

Our Investigator reviewed Mrs Z's complaint but didn't think it should be upheld. In summary, she concluded that, on balance, the payments were likely made with Mrs Z's knowledge or consent; she didn't find the payments were unusual enough for Wise to have intervened; and none of the payments could have been recovered by the time Mrs Z had reported the scam. She also found Wise's offer of £150 for delays in responding to Mrs Z's complaint to be fair in the circumstances. Mrs Z disagreed, so the matter has 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 reached the same conclusions as the Investigator and for broadly the same reasons.

It's common ground that Mrs Z was the victim of a scam and I'm sorry to hear about the money she's lost. I realise that the whole experience has been upsetting for her. I can also understand her reasons for wanting to highlight that some of her funds were returned to her by one of the banks from which they originated. But that doesn't necessarily mean I can

fairly conclude that Wise must do the same here. It's also important to note that Wise is an electronic money institute (EMI). It's not a bank and isn't subject to the same expectations, set out in guidance and regulations, as a bank when it comes to fraud prevention.

#### *Were the payments authorised?*

The starting position is that, in general, a payment provider is expected to process payments that a customer authorises it to make, in line with the account terms and conditions – and a customer is responsible for those transactions. I recognise Mrs Z didn't intend to send her money to a scammer and I note she disputes that she authorised any of the payments.

At the same time, however, there's no suggestion that the scammer was able to compromise Mrs Z's security details and no plausible explanation has been given as to how they would have otherwise been able to make the payments without her knowledge. Although Mrs Z has said she gave the scammer access to her computer, she's also told us this was for a short time and *'very limited to just checking their own website.'* In addition, the evidence shows Mrs Z twice emailed Wise about a failed card payment of £3,000 (payment 3) shortly before the successful transfer, also for £3,000, was made. One of the emails read: *'Hello I've made transaction on Simplex. It was declined however I was charged'*. I note Mrs Z says she didn't send the emails. But I'm satisfied they came from her account. In the circumstances, I'm not persuaded she was unaware of the payments and, on balance, I agree with the Investigator that it's likely Mrs Z authorised them. Under the Payment Services Regulations 2017 and the terms of the account, she's therefore presumed liable for her losses in the first instance.

#### *Should Wise have intervened?*

Wise is generally expected to follow the instructions given by its customers in order for legitimate payments to be made as instructed. However, I've considered whether Wise should have done more to prevent Mrs Z from falling victim to the scam, as there are some situations in which an EMI should reasonably have had a closer look at the circumstances surrounding a particular transaction – for example, if it was particularly out of character.

I've looked at Mrs Z's account history and thought carefully about her comments that her Wise account had only ever been used for making international payments. I hope it'll help her to know that I've seen this was certainly the case in the months preceding the scam. But, even so, I don't think that the transactions were so unusual or suspicious at the time, to the extent I can fairly conclude that Wise should have intervened. The amounts of money that were sent didn't suggest a heightened risk of fraud. The fact that one of the payments was, for the first time, made to a domestic payee isn't enough for me to say that Wise should have stepped in – and I can't see that it should have reasonably known anything about that payee that would have alerted it to the possibility of Mrs Z being scammed. With this in mind, I'm not persuaded that Wise did something wrong by allowing the payments or that it missed an opportunity to prevent the scam.

#### *Should Wise have done more to recover the money?*

As noted above, the first two payments were card transactions to a payment gateway and used to purchase cryptocurrency. There was very little Wise could have done to recover those funds. In the event, I'm pleased Mrs Z has been compensated for those losses. In respect of the last transfer to a third-party account, Mrs Z first reported that scam to Wise on 24 August 2022 at 11.57pm. Once notified, Wise should have contacted the receiving bank promptly to try to recover the funds – and it seems that didn't happen until December 2022. I agree with Mrs Z that Wise should have acted more quickly to attempt a recall. But I've also seen confidential information that shows that the money credited to the third-party account

was removed on the same day. That means it's very unlikely that those funds could have been recovered in any event, even if Wise had acted much sooner than it did.

### *Complaint handling*

In its submissions to our Service, Wise said it wanted to compensate Mrs Z for its delays in sending a final response to her complaint. Its offer of £150 was put forward to Mrs Z by our Investigator. Complaint handling isn't a regulated activity, so I can't comment on any offer relating to it. But it's open to Mrs Z to contact Wise directly if she now wishes to accept it.

### **My final decision**

I realise that this will come as a disappointment to Mrs Z. But for the reasons given, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs Z to accept or reject my decision before 30 October 2023.

Thomas Cardia  
**Ombudsman**