

The complaint

Miss M complains that Wise Payments Limited won't refund the money she lost when she was the victim of a scam.

What happened

In December 2021, Miss M received a phone call from someone who said they worked for Wise. The caller told her there was suspicious activity on her account, that she had malicious software on her phone that needed to be removed, and that she needed to move her money to a new safe account they had created for her while this was being done. As the caller knew information about her and her accounts, was calling from what appeared to be Wise's telephone number and sent her a text message that appeared on the same thread as previous genuine messages from Wise, Miss M believed the caller was genuine. So she made a number of payments from her Wise account to the new account details the caller gave her, totalling £6,331.10.

Miss M first sent a payment of £6,250 to one set of account details, but this was immediately returned to her as the caller said fraudsters were trying to make transfers out of her account at the same time. So the caller then told Miss M to make three smaller payments to a different set of account details instead, which she did. I've set out the payments below:

Date	Details	Amount
13 December 2021	To 1 st account details	£6,250
13 December 2021	Received from 1 st account details	£6,250
13 December 2021	To 2 nd account details	£2,990.43
13 December 2021	To 2 nd account details	£2,990.87
13 December 2021	To 2 nd account details	£349.80

Unfortunately we now know the caller was a scammer.

The scammer told Miss M the payments would be returned to her within 24 hours. But after the payments weren't returned, Miss M contacted Wise to report the scam and ask it to refund the money she had lost.

Wise investigated but said Miss M had made the payments herself, using the device she normally used. So it didn't think there was anything it could have done to prevent the scam and it didn't agree to refund the money she had lost. Wise did offer Miss M £150 compensation for the delays in responding to her complaint though. Miss M wasn't satisfied with Wise's response, so referred her complaint to our service.

I sent Miss M and Wise a provisional decision on 14 April 2023, setting out why I was intending to uphold this complaint. An extract from my provisional decision is set out below:

"In broad terms, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer's account. And a customer will then be responsible for those transactions that they have authorised."

It's not in dispute here that Miss M authorised the payments. She accepts he made them herself as instructed to by the scammers. So while I recognise that she has been the victim of a scam and didn't intend the money to go to scammers, the starting position in law is that Wise was obliged to follow her instructions and process the payments. So Miss M isn't automatically entitled to a refund.

But 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 think 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 banks are generally more familiar with than the average customer.*
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.*

So I've also considered whether Wise should have identified that Miss M was potentially at risk of fraud as a result of these payments.

The first payment Miss M made to the scammer was for £6,250, which I think is a reasonably large amount. It was also made immediately following a similarly large credit into the account, and to a new payee Miss M hadn't sent money to before. And Miss M had used this account fairly frequently and for a significant period of time, but this payment was significantly larger than any other payment made out of the account in the previous twelve months.

So I think this payment was unusual and out of character for Miss W. And so Wise should have identified that she was potentially at risk of fraud as a result and carried out additional checks before allowing the payment to go through. And, in these circumstances, I think it's reasonable to expect these checks to have included questions about why Miss M was making the payment.

I've not seen anything to suggest Miss M was told to lie if she was asked about the payments or was given a cover story to give. So, if she was asked about the payment, I think she would have told Wise that she was moving her money to keep it safe because she had been told her account was at risk. And as this is a common type of scam and not something a genuine organisation would ever ask her to do, I think Wise could then have explained this to her, the scam would then have been uncovered and Miss M wouldn't have made this payment or any of the later payments.

So if Wise had carried out additional checks before allowing the payment of £6,250 to go through, as I think it should have, I don't think Miss M would have lost any of the money. So I think Wise should refund the full amount she lost of £6,331.10.

I've thought about whether Miss M should bear some responsibility for her loss, but I don't think it would be fair for her to do so. This was a sophisticated scam where the scammers

made it appear as if they were calling from a genuine Wise phone number and were able to send her a text message that appeared on the same thread as previous genuine messages from Wise. Miss M also questioned the caller to check they were genuine, but the caller was able to provide several pieces of personal information about her and information about her accounts. So I don't think it would be fair to say Miss M acted negligently or unreasonably.

Wise has offered to pay Miss M £150 as compensation for the delays in it responding to her complaint. And I think this amount is fair and reasonable in the circumstances."

I said I'd consider anything further Miss M and Wise sent in following the provisional 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.

Miss M said she was happy with the provisional decision, so had no additional comments to make.

Wise replied to the provisional decision, saying that Miss M had made two transfers of £7,612.10 and £2,287.90 on the same day around 13 months before the payments she made as a result of this scam. So it didn't think the payments she made as a result of the scam were out of the ordinary or that it could have detected that she was potentially at risk of fraud.

Wise had previously told us about these transfers and so they were considered before the provisional decision was issued. But, for clarity, I don't think these transfers mean that the first payment of £6,250 Miss M made as a result of the scam wasn't unusual.

The transfers Wise has mentioned were made around 13 months before the scam payments, and so I think they are less relevant to what the usual activity on Miss M's account is than the payments made in the twelve months immediately before the scam payments. And the first scam payment of £6,250 was significantly larger than any other payment made out of Miss M's account in those twelve months. I also don't think that one payment of around £7,500, or one day where two significant transfers are made, means that any future payments of less than that amount are then usual activity on that account.

So while I appreciate that Miss M had made other significant payments out of her account in the past, when considered against the activity on her account in the months beforehand, I still think the first scam payment she made of £6,250 was unusual and out of character. And so I still think Wise should have identified that Miss M was potentially at risk of fraud as a result and carried out additional checks before allowing the payment to go through.

Neither Wise nor Miss M have submitted any further evidence or arguments in relation to any of the other conclusions I came to in the provisional decision. So I also still think those conclusions are correct, and for the same reasons.

If Wise had carried out additional checks before allowing the payment of £6,250 to go through, as I think it should have, I don't think Miss M would have lost any of the money she did. So I think Wise should refund the full amount she lost of £6,331.10. I also think the £150 Wise has offered to pay Miss M as compensation for the delays in it responding to her complaint is fair and reasonable in the circumstances.

My final decision

For the reasons set out above, I uphold this complaint and require Wise Payments Limited to:

- Refund Miss M the £6,331.10 she lost as a result of this scam
- Pay 8% simple interest on this refund, from the date of the payments until the date of settlement
- Pay Miss M £150 compensation, if it has not already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 16 June 2023.

Alan Millward

Ombudsman