

The complaint

A company which I'll call '2' complains that Wise Payments Limited wouldn't refund a payment after they didn't receive the agreed service from the third-party payee.

The complaint is brought on 2's behalf by their director, Mr H.

What happened

2 told us:

- They made a payment for £400 to a third-party on the agreement they would provide marketing to generate business opportunities for the company. However this service wasn't delivered as agreed.
- They contacted Wise Payments Limited and asked it to recover their payment from the third-party who had acted fraudulently, but it said it couldn't do this.
- As Wise Payments Limited wouldn't recover their money, it should provide them with a refund instead.

Wise Payments Limited told us:

- Once 2 had transferred funds to the third-party bank, the funds were no longer within its control as this then passes to that bank instead.
- It didn't have the ability to become involved in the dispute between 2 and the third-party as it was only a money remittance service. It could only block any parties it became aware of that had acted fraudulently and had suggested 2 contact their bank for assistance.
- The obligation was with 2 as the sender of the payment to check the third-party was legitimate before they sent any money. This had been made clear throughout its website and when 2 had signed the customer agreement.

Our investigator didn't recommend the complaint be upheld. She thought Wise Payments Limited's terms and conditions were clear that it couldn't resolve disputes between the parties, and that it wouldn't be liable for any losses. She also thought that Wise Payments Limited had acted fairly by preventing further transactions to the third-party.

Mr H didn't agree. He said he'd reported the issue immediately so Wise Payments Limited should have recalled the payment which had been sent to a bank it hosted. So he asked for an ombudsman to review 2's 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.

Having done so, I've decided not to uphold it.

There isn't much more that I can add to what our investigator has already said. Wise Payments Limited's terms and conditions make it clear that it is solely a money remittance service. This means providing a service of transferring funds without the creation of any payment accounts for the payer or payee, with the sole purpose of transferring that corresponding amount between the parties. In this case, I've seen that 2 authorised a payment to a third-party and Wise Payments Limited executed this payment in line with the instruction. As the payment was authorised and it went to the correct payee, this means Wise Payments Limited doesn't have the same obligations it would have if the payment hadn't been authorised or if it had made an error and credited the wrong payee.

I recognise 2 says that Wise Payments Limited should refund them the £400 payment as they didn't get the service they paid for. However, it's not disputed by either party that 2 did receive the correct service from Wise Payments Limited. And I think Wise Payments Limited made it clear it didn't have any control over an authorised payment once it has been sent – regardless of how quickly a dispute was raised. I also think its terms are clear that the payer is responsible for checking the payments details are correct and that it isn't able to intervene in any disputes between the parties. I think its also worth noting here, that although 2 says it didn't receive what they were expecting, the third-party could also dispute this as it appears a level of service was provided. As Wise Payments Limited is only involved in the physical movement of the funds, I don't think it's reasonable to expect it to decide whether those funds were used for their designated purpose as expected or not.

2 also says that Wise Payments Limited should contact the third-party's bank as it has 'hosted' them. But I don't agree. I say this because Wise Payments Limited have the relationship with the payer and the payee – not their respective banks. Wise Payments Limited simply have bank details provided by each of the parties for them to credit as requested, no checks or interactions take place with banks except the debits or credits required as part of the transactions. So I think its reasonable that Wise Payments Limited suggested 2 approach their bank directly to see if they could assist further – particularly as the dispute appears to be about the quality of what was provided as a service. I've also seen that Wise Payments Limited said it has noted 2's dispute about the payee to prevent further transactions taking place. So I'm satisfied it has taken the appropriate steps here in case the payee was fraudulent, in line with its terms and conditions.

I recognise Mr H feels strongly about this and he'll be disappointed with my decision as he wanted Wise Payments Limited to refund 2's payment. However, based on everything I've seen, I'm satisfied that Wise Payments Limited carried out the transaction in line with 2's instruction and it was clear that if there were issues with the payment after it had been sent, that it wouldn't be able to help. So I won't be asking Wise Payments Limited to take any further action.

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 2 to accept or reject my decision before 3 July 2023.

Jenny Lomax
Ombudsman