

The complaint

Mr R complains that Wise Payments Limited will not refund him for transactions he says he didn't agree to. He'd like the transactions refunded.

What happened

Mr R held an account with Wise. On 29 August 2022 a large sum of money was transferred into the account. The money was then transferred out in nine payments of \$8,000. There were later payments into the account on 30 August and 31 August, which were also transferred out to the same beneficiary.

On 15 September 2022 Mr R contacted Wise to say these transactions weren't him and asked for them to be reimbursed. Wise investigated, including asking Mr R further questions about the source of the funds. They also contacted the receiver of the funds and asked for their explanation of the payments.

After some time, Wise responded to say that they could not see they were liable for reimbursing him and referred him to the terms of his account. Wise later closed his account.

Unhappy with this answer Mr R referred the complaint to our service. He said his account had been hacked. He questioned why Wise's systems hadn't prevented the transactions from taking place. Our investigator looked into what happened but didn't think the complaint should be upheld. The investigator felt there was no evidence that his account or device had been hacked. The payments had been set up using two-factor authentication, with messages sent to Mr R's phone. The investigator also noted that it took over two weeks for Mr R to report the transactions as fraudulent, and he had completed other transactions on the account in the meantime. He also noted that Mr R initially told Wise he had sent the transactions to the wrong person.

Mr R disagreed, providing evidence that his accounts had been logged in to from a country he wasn't in. He said he hadn't received any messages to his phone. He also submitted evidence of the illness and difficulties he faced. But this changed the investigator's mind. As no agreement could be reached the complaint 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.

The primary regulations for me to consider here are the Payment Services Regulations 2017 (PSRs). These govern how payment service providers, such as Wise, should process payments, what information they should record, and crucially what they should do if something has gone wrong. According to the PSRs, generally when a payment leaves an account that the consumer didn't agree to, it's up to the payment service provider to refund it. So, the key consideration for me here is whether Mr R authorised the transactions or allowed someone else to do so.

Looking at the evidence available, I'm satisfied that it's more likely than not the transactions were authorised.

Wise has presented the technical evidence of how the transactions took place. There are a number of different IP addresses used to log on, and I can see this triggered a notification from Wise to Mr R's email. I can also see that the email address associated with the account changed several times in the weeks leading up to the disputed transactions – although the last email address used is the same as the one Mr R has been communicating with us through.

The technical evidence suggests that Mr R's account was being logged in from two separate locations – which may be indicative of someone else accessing the account. But I also note that these logins were verified with a two-factor authentication delivered by SMS. I haven't seen any evidence that Mr R's phone number was changed around this time – and this same number has also been used to verify payments that Mr R hasn't disputed. I can also see there was a call to this number on 31 August, that was used to verify one of the disputed payments.

It's difficult to see how these transactions could have taken place without Mr R's knowledge as his phone would have been necessary for them to be set up. And he's not indicated that anyone else had access to his phone, or that he shared any security information with anyone else. He's suggested his phone may have been the victim of a phishing attack but has not submitted evidence to show this is the case.

There is a payment out of the account on 30 August for \$4,000 that hasn't been disputed. I would have thought that when setting up this payment Mr R may notice that the balance on the account was over \$70,000 less than it should have been. Likewise, there are payments sent out by Mr R in September that leave the account at a zero balance.

But Mr R doesn't contact Wise to report anything unusual until 15 September. And in this conversation, he doesn't allege he's been the victim of fraud, or a robbery. But rather he says he *"mistakenly sent the money to the wrong person"*. Later that day he then says *"Someone accessed my account and the transactions. The transaction wasn't authorized by me"*. It's not clear why he would initially say the transactions were mistaken if he believed he'd been the victim of theft, or why he would delay reporting the transactions to Wise considering he's alleging he's lost a significant sum of money.

In his correspondence with Wise, it's explained the recipient claimed Mr R was returning money that was sent to him by mistake. Mr R denies this, saying it was his own money. But he acknowledged that he had done work for the recipient in the past. But the type of work he describes he carried out for the recipient would generally be thought of as questionable, and potentially illegal. Mr R has alleged they were threatening him. Which does make it more plausible that he returned the funds himself, rather than it was accessed by the third party and transferred without his knowledge.

In these conversations he also mentions that the recipients got him to open up an account with a cryptocurrency exchange – and he's also claimed this is where the funds in the account came from. Mr R has said in his response to our investigator that he moved the funds from there to the Wise account as he was worried about the "hackers" taking them. He's also sent emails showing there were logins from new IP addresses for other web services he uses. But if Mr R was on notice he was being targeted by hackers it would make it even more unusual that he didn't report the transactions for over two weeks.

Overall, I consider it more likely than not the transactions were carried out either by Mr R, or by someone he'd given access to his Wise account. So, under the PSRs the payments would be considered authorised, and Wise wouldn't be liable for refunding him.

As part of our fair and reasonable remit, I considered whether Wise should have stepped in to prevent these transactions. Overall though I'm not minded that they should have – as mentioned I find it more likely than not Mr R was involved in the transactions, and they had been completed using verification procedures that only Mr R should have been able to complete. I also note that the account activity in leading up to this was similar – for example over \$38,000 had been received and sent on 27 August, which Mr R hasn't disputed. So, I don't see that Wise have been unreasonable in not blocking the transactions.

I've also considered the account closure – I'm satisfied that the closing of Mr R's account was in line with the terms of the Wise account, so I'm not asking them to do anything further there.

I'm sorry to hear how this has affected Mr R, and I am very sympathetic to his ill health. I appreciate this can't have been an easy experience for him. But overall, I can't say that Wise have been unfair or unreasonable to him, in how they've handled his dispute. Because of that, I'm not asking them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 30 August 2023.

Thom Bennett
Ombudsman