

The complaint

Mr C complains Wise Payments Limited didn't do enough to protect him from the loss of money to an investment scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything here. In brief summary, Mr C has explained that in 2021 he was tricked by scammers into making payments from his Wise account to a Coinbase account in his name – and then moving the money on from there to the scammers for what he thought was a legitimate investment. The relevant payments from Mr C's Wise account were as follows.

Date	Amount (£)
22 March 2021	4,005.32
26 March 2021	120.32
21 April 2021	5,000.32
03 May 2021	1,200.32
04 June 2021	400.32
07 July 2021	400.32
Total	11,126.92

Mr C later got in touch with Wise to report he'd been scammed. Wise didn't reimburse Mr C's lost funds, and Mr C referred his complaint about Wise to us. One of our Investigators looked into things and didn't recommend the complaint be upheld. Mr C remained unhappy, so the case has been passed to me for a final 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.

I'm very aware I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I've decided to not uphold this complaint for materially the same reasons as our Investigator.

I'm sorry if Mr C lost money to scammers but this doesn't automatically entitle him to a refund from Wise. It would only be fair for me to tell Wise to reimburse Mr C if I thought it reasonably ought to have prevented the payments or it unreasonably hindered recovery of the funds.

Prevention

I'm satisfied Mr C authorised the relevant payments. Wise would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mr C is presumed liable for the loss in the first instance, in circumstances where he authorised the payments. That said, as a matter of good industry practice Wise should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual, uncharacteristic or suspicious transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect a payment service provider to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

In this case Wise didn't pause any of the payments, pending enquiries with Mr C, before allowing the payments through. And I'm satisfied the payment instructions weren't sufficiently unusual, uncharacteristic or otherwise suspicious, to say it was unreasonable for Wise to process them without questioning Mr C about them first. The payments weren't all on top of each other; they were reasonably spread out. The first payment for £4,005.32 and the third payment for £5,000.32 were quite a bit larger than the rest. It wasn't like Mr C made payments of around £4,000 to £5,000 all the time. But he had made a payment before of around £4,300, and another payment of around £2,500. And I think bearing in mind Mr C's account history; also the balance I've mentioned that needs to be struck to minimise disruption to legitimate payments; I'm not persuaded I can say these payments ought to have appeared so unusual, uncharacteristic or otherwise remarkable or suspicious to Wise, to say it reasonably ought to have been *obliged* to have intervened in them before following Mr C's instructions to send them. This means I'm not persuaded Wise unreasonably missed an opportunity to prevent the payments nor, therefore, Mr C's loss of the payments to the scam, before they were sent.

Recovery

Mr C didn't instruct Wise to send the payments directly to the scammers. Instead the money was sent to Mr C's Coinbase account first. I don't think it was ever likely Wise would be able to facilitate recovery of the payments after Mr C moved the funds from his Coinbase account to the scammers. So I'm satisfied I can't hold Wise responsible for Mr C being unable to recover his funds.

I realise this means Mr C is out of pocket. And I'm sorry if he lost this money. But I can't reasonably ask Wise to reimburse him in circumstances where I don't think it ought reasonably to have prevented the payments or been able to recover them.

My final decision

For the reasons I've explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 July 2023.

Neil Bridge
Ombudsman