

The complaint

Limited company K complains that Wise Payments Limited has not refunded the losses incurred by K due to a scam.

What happened

K holds a business account with Wise. In October 2022, K's director was telephoned by someone claiming to be from the fraud team at another financial firm. K's director was told that the security of K's accounts had been compromised.

K's director first moved £5,000 from an account held with another financial firm to Wise. But a subsequent call persuaded K's director that the account with Wise was also at risk. He then made a payment from K's Wise account for £5,000 to what he was told was a safe account. He was directed to do by the caller.

This was done in the belief that K's funds were being protected by this payment. But in reality, the caller was a scammer, and the money was being sent to an account under the scammer's control.

K's director later realised the deception. He reported the scam to Wise the following day.

Wise attempted to recover K's funds, initially without success. It said it wasn't liable to K for the payment because K's director had authorised the transaction and Wise had no reason not to have made it.

K didn't accept this outcome and referred the complaint to this service.

Our Investigator didn't think Wise needed to refund the payment. She thought Wise wouldn't have been able to identify that the payment instruction was connected to a scam. However, the Investigator noted that Wise hadn't notified the beneficiary bank as quickly as it should have. The Investigator later liaised with both banks and was able to arrange for £3,891.06 to be returned from the beneficiary account to K's account with Wise.

However, K didn't accept the Investigator's findings, still remaining out of pocket.

In light of this disagreement, I have been asked to reach a final decision on the 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.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

K has been the victim of a criminal scam here. I don't underestimate the impact of that. But I

have to recognise that the principal cause of K's losses here was the scammer who deceived K's director. I can't hold Wise responsible unless I find it was at fault in some way or is otherwise liable for the resultant financial loss.

And I must take into account that Wise has a primary contractual obligation to carry out the payment instructions its customers give it, and to do so without delay. As a consequence, the starting position is that a limited company such as K will be assumed liable for a transfer it has instructed a financial firm to make on its behalf.

If the payments were very unusual for K's business account with Wise, then I might think Wise needed to step in, or even block the payment. But I don't think that was the case here – I'll explain why.

When considering whether the payment should have stood out as significantly unusual, the relevant factors will include the type of account and its prior usage. This was an account held with Wise, an Electronic Money Institution (EMI). At the relevant time for this payment, an EMI wasn't subject to all of the same requirements or codes of practice as a bank or building society would have been.

I consider that the type of account offered by Wise is one often set up to be used in making specific transfers (as opposed to say a current account with a bank) and so a typical payment pattern might look different to that on a standard bank account for example. Furthermore, I consider that an account held by a limited company could reasonably be expected to differ in typical usage from an account held by an individual consumer.

In K's case the history of its account usage isn't significantly different from the transactions related to the scam. In this instance, the payment was preceded by a transfer of funds into the Wise account. That mirrors prior transaction patterns (from what were presumably legitimate transactions).

The prior usage of the account shows intermittent receipts followed by corresponding payments which quickly reduce the account balance to a nominal sum. What happened here followed that pattern. And this specific payment while larger than prior payments, wasn't significantly so, particularly taking into consideration that this was a business account with Wise. Overall, I find there was little about it that would have looked surprising or particularly out of character.

With the relevant factors in mind, I don't find that the payment being made was remarkable or otherwise stood out from what might be expected for this account. That means, all considered, I don't think Wise had enough reason not to let K make the payment as it had been instructed. Rather, Wise was obligated to follow K's instructions, and it did.

Subsequently, while it appears there was a delay of several days before Wise reported the scam to the beneficiary bank, I am satisfied that this didn't have any material effect on the recovery of funds. The scammer had already moved the remainder of the money on to other accounts – and the beneficiary bank had already taken action to prevent any further losses.

When Wise did report the matter, unfortunately the beneficiary bank did not return those funds immediately – only doing so when our Investigator intervened directly. It is not clear to me that Wise was the party at fault here. And following our Investigator's intervention all of the funds that could possibly have been recovered from the beneficiary account have now been returned to K. There was nothing further that could have been recovered after the event.

In short then, I don't find Wise is to blame for K's outstanding losses due to this scam. I don't

find Wise is liable to refund K for any reason or otherwise needs to take further steps to put matters right.

I appreciate that K lost a significant amount because of what happened. But I can only look at whether Wise was somehow at fault or is otherwise liable to refund K. I have no power to consider the actions of the criminal scammers who were ultimately responsible for K's loss. And as I have set out above, I don't find Wise needs to do more than it has already done.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask K to accept or reject my decision before 28 March 2024.

Stephen Dickie
Ombudsman