

The complaint

Miss A complains that Wise Payments Limited hasn't protected her from losing money to a scam.

What happened

The details of this complaint are well known to both parties, so I won't repeat everything here. In brief summary, Miss A has explained that in December 2022 she made three payments from her Wise account for what she thought was a legitimate job opportunity. The three payments, all made on the same day, were for £2,130, £3,201, and £1,599.

Miss A subsequently realised she'd been scammed and got in touch with Wise. Ultimately, Wise didn't reimburse her lost funds, so Miss A referred her complaint about Wise to us. As our Investigator couldn't resolve the matter informally, the case has been passed to me for a 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.

Having done so, I've decided not to uphold this complaint, for materially the same reasons as our Investigator. I'll explain why.

I'm sorry if Miss A lost money to a scam. Ultimately, however, Miss A suffered her loss because of fraudsters, and this doesn't automatically entitle her to a refund from Wise. In this case, it would only be fair for me to tell Wise to reimburse Miss A her loss (or part of it) if I thought Wise reasonably ought to have prevented the payments (or some of them) in the first place, or Wise unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

I'm satisfied Miss A authorised the relevant payments, albeit she was tricked by scammers into doing so. 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, Miss A is presumed liable for the loss in the first instance, in circumstances where she 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 Wise 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 I understand Miss A opened her Wise account on 2 December 2022, just three days before the payments; so there was effectively no account history, at the time of Miss A's payments, for Wise to refer back to, in order to assess whether they ought to be regarded as sufficiently unusual to warrant intervention. This doesn't mean Wise shouldn't

still have been on the lookout for unusual or suspicious activity. And I take on board the points Miss A's representative has made about the payments all being on the same day, and the reasons why it thinks they ought to have concerned Wise.

However, I agree with our Investigator. I don't think it would be particularly uncommon for users of an electronic money institute (EMI) account, like this one, to open the account and make legitimate payments like this almost immediately. And I think the fact that each of the three payments were to different payees (whilst not completely negating the possibility Miss A was being scammed), might reasonably have caused the risk to be viewed as lower than it otherwise might have been.

I understand Miss A's representative has said the payments were being directed to crypto. But I haven't seen anything about the payment instructions (which don't appear to have been headed to crypto exchanges directly) that would have informed Wise about this. And overall, I just don't think these payments, taken individually or collectively, were sufficiently unusual or suspicious, in this case, for me to say Wise ought to have been *obliged* to have paused them, pending enquiries with Miss A, before allowing them through. I also understand that Wise hadn't received any prior reports, regarding the accounts to which Miss A's payments were headed, to cause it concern.

It seems to be a common occurrence in scams like this that the receiving account is drained of the funds promptly on receipt, presumably to limit chances of any recovery. And I understand in this case that by the time Miss A notified Wise she'd been scammed, indeed the fraudsters had moved the funds on from the receiving accounts. In these circumstances, I'm not surprised Wise hasn't been able to return the funds to Miss A.

I realise this means Miss A is out of pocket, and I'm sorry if she's lost this money. However, I can't fairly nor reasonably tell Wise to reimburse her 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 explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss A to accept or reject my decision before 3 October 2023.

Neil Bridge
Ombudsman