

Complaint

Mr G is unhappy that Wise Payments Limited didn't do more to protect him from a scam.

Background

In late-2022, Mr G was looking for work. He'd recently arrived in the UK and had submitted his details to several recruitment agencies. He received a phone call asking whether he'd be interested in an opportunity for a role that was entirely carried out at home. Unfortunately, that call hadn't come from a genuine recruitment agency but a fraudster.

His job was to work on a platform maintained by the client. He could earn commissions by completing simple marketing tasks designed to boost perceived demand for that company's products. However, he needed to pay to participate in the scheme. In total, he transferred a little over £15,000 to do so. He was told that, once he completed a pre-determined number of tasks, he would be able to withdraw his commission payments. I understand he was paid a small return of £40 early on to persuade him that the platform was legitimate.

Once he realised he'd fallen victim to a scam, he notified Wise. It didn't agree to refund him. It argued that the transactions weren't out of character when considered alongside legitimate payments made from his account.

Mr G was unhappy with the response he received from Wise and so he referred his complaint to this service. It was looked at by an Investigator who upheld it in part. They said that there were multiple payments made in connection with the scam. The earliest payments were quite small and wouldn't have appeared unusual or out of character. However, on 5 November, Mr G made a payment for £4,393. This was the eighth payment made in connection with the scam and the largest so far.

In the Investigator's view, this payment marked the point at which an obvious pattern had crystallised. Wise should've recognised the fraud risk and stepped in. If it had done so, it was likely the scam would've been uncovered. The Investigator also considered whether Mr G could be considered partially responsible for his own losses. She noted that Mr G was new to the UK and actively looking for work and so he would've expected to receive a call from a recruiter. She also pointed out that Mr G was able to withdraw £40 early in the scam which would've helped to persuade him it was genuine.

She recommended Wise refund Mr G's losses from that point onwards and include interest. Wise disagreed with the Investigator's view. It didn't accept that it should've treated this particular payment as unusual or out of character. As Wise disagreed with the Investigator's view, the complaint was passed to me to consider.

Findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

The starting point in law is that Mr G will generally be considered liable for a transaction that

he's authorised. It's common ground that these payments were authorised and so Mr G is presumed liable for them at first instance. However, good industry practice required that Wise be on the lookout for account activity that might have been indicative of a fraud risk. On identifying a payment that was out of character or unusual to the extent that it might have posed such a risk, it ought to intervene in a manner proportionate to that risk. That might involve pausing the payment and speaking to the customer first to satisfy itself that they're not at risk of financial harm due to fraud.

In this case, the Investigator thought that the eighth payment was out of character and required an intervention from Wise of some kind. I agree with that conclusion. The data Wise has shared with us showing the activity on Mr G's account suggest that this was the largest payment he'd made on the account. It was the fifth payment made that day and the fourth payee. This pattern of payments was indicative of one of a number of potential scam types and I think Wise ought to have been concerned by it.

It shouldn't have processed the payment for £4,393 without first contacting Mr G to ensure that he wasn't at risk of fraud. If it had done so, I think it's likely that Mr G would've explained the arrangement he believed he'd come to with his employer. At that point, Wise ought to have recognised that he'd certainly fallen victim to a scam and could've given him a very clear warning about the risks.

I've also considered whether Mr G can fairly be considered partially responsible for his own losses. In doing so, I've taken into consideration what the law says about contributory negligence but also kept in mind that I must decide this case based on what I consider to be fair and reasonable in all the circumstances. The Investigator thought Mr G acted reasonably in the circumstances. I wasn't convinced. I contacted his representatives and explained my view:

My fundamental concern is that [he] should've been concerned by the inverted relationship between him and his alleged employer – he was expected to pay them significant sums when he must have been expecting to be paid himself. I'm surprised that [he] didn't find this unusual or think to question it. My instinct, therefore, is that Wise should be free to make a deduction from the redress payable to him.

Mr G's representatives explained that:

- He was looking for remote work to earn a supplementary income and had shared his details in connection with several potential job opportunities. It therefore didn't seem strange when he was contacted directly by someone who said they were from a recruitment agency.
- The platform Mr G worked with impersonated the company's genuine branding, had legitimate products that company sold and simulated authentic seeming activities.
- Mr G was new to the UK and this made him particularly vulnerable to a scam of this kind.

I've considered these further representations carefully but I'm not persuaded to depart from the view I set out in that email. I accept that it wouldn't have seemed unusual to be contacted directly in connection with a job opportunity given that Mr G was actively seeking work and I also recognise that the scammers took steps to make the platform he worked with look like it was genuinely provided by the legitimate business.

Unfortunately, I still think he ought to have had concerns about an arrangement under which he had to pay significant sums to his employer in order to earn money. I accept that Mr G was a recent arrival in the UK, but I don't find it likely that this arrangement would've seemed any more plausible in any other country. He was only able to earn a small sum (£40) and I

don't think that would be enough to conclude that it was reasonable for him to have believed the opportunity was a genuine one.

I accept that he was motivated by significant financial pressures and I'm sympathetic to the difficulties he was facing at the time. Nonetheless, I think he should've recognised that the opportunity was unlikely to be a genuine one for the reasons I've explained.

For completeness, I've also considered whether Wise did what it should've done once it was notified that Mr G had fallen victim to a scam. It would typically be expected to contact the receiving bank to try and recover any remaining funds. Unfortunately, there was a significant delay between Mr G making these payments and eventually notifying Wise that he'd fallen victim to a scam and the recipients removed their funds from those accounts straight away. As a result, Wise wasn't able to recover any funds from the receiving accounts.

Final decision

For the reasons I've explained above, I uphold this complaint in part.

If Mr G accepts my decision, Wise Payments needs to:

- Pay him 50% of the funds he transferred in connection with the scam from and including the payment of £4,393 made on 5 November.
- It should add 8% simple interest per annum to this sum calculated to run from 5 November until the date any settlement is paid.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 10 November 2023.

James Kimmitt
Ombudsman