

The complaint

S, a limited company, has complained Wise Payments Limited, trading as Wise, won't refund money they lost from their account after being the victim of a scam.

What happened

Mr J is the sole director of S, that holds a business account with Wise. I shall refer to both Mr J and S throughout this decision.

In 2022 S was trying to purchase tank storage for jet fuel. They were recommended a potential supplier, who I'll call F. Mr J gets in touch and believes F is a viable concern, offering a product at an appropriate cost.

Mr J tried to make an initial payment using his own personal account with a separate bank. This wasn't successful so he used S's account with Wise. Two payments of £13,000 and £17,000 were made in December 2022 and January 2023.

Within a couple of months Mr J realised something had gone wrong. He had not been able to contact F further.

Mr J took S's complaint to Wise complaining they'd done little to protect S from this scam. Wise didn't believe they should refund S as they felt there was no indication that S was carrying out any risky transactions. The amounts being paid weren't unusual for the running of a business account.

Mr J brought S's complaint to the ombudsman service.

Our investigator felt it was difficult to see what action Wise could have taken that would have deterred Mr J from making the payments on S's behalf. She didn't believe it would be fair to ask Wise to refund S.

Still dissatisfied, Mr J has asked an ombudsman to consider S's 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.

Having done so, I've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

I don't dispute S was scammed and has lost a considerable amount of money.

I can see S made and authorised the payments. Mr J believed he was dealing with a genuine trading company and all the conversations, documents and activity led him to be

convinced F was genuine.

I'm satisfied those transactions were authorised under the Payment Services Regulations 2017 (PSRs).

It's also accepted that Wise has an obligation to follow S's instructions. So in the first instance S is presumed liable for their loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Wise should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

S fell victim to a convincing purchase scam. These unfortunately aren't particularly unusual.

It is clear from the testimony I've seen from Mr J that he firmly believed he was dealing with a genuine company.

It's clear that Mr J was having regular WhatsApp conversations with F during the period he'd made the initial transaction from his personal account, whilst this payment was delayed. I've reviewed this correspondence and I can see Mr J found nothing odd throughout that made him question what was going on. That included being aware of negative reviews for F which Mr J had been encouraged (and was willing) to ignore.

I've seen correspondence with Mr J's personal bank and it's clear that they issued warnings about the potential risk for such a payment – including its size. I'm not going to suggest Mr J had detailed conversations with his bank about exactly the nature of this transaction, but he would have found it difficult to have avoided scam warnings that may have seemed similar to S's experience.

This all leads me to agree with our investigator's assessment that Mr J would have ignored any warnings that Wise could have issued (despite them not doing so).

I've also considered what action Wise took when made aware by Mr J that S had been scammed. It's clear that they tried to recoup S's funds but found out pretty quickly that there was no hope of doing so.

Overall I can't fairly tell Wise to refund S's money.

My final decision

For the reasons given, my final decision is not to uphold S's complaint against Wise Payments Limited, trading as Wise.

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

Sandra Quinn
Ombudsman