

The complaint

Miss F complains that Wise Payments Limited ('Wise') won't refund the money she lost in a romance scam.

What happened

Miss F says that she started to chat to someone she met on a dating site. I'll refer to this person as D in this decision. The chat moved from the dating site to a messaging app. When Miss F first started to talk to D, he was in the UK but a few weeks later he said he needed to go aboard for a prosperous work project. D presented himself as a rich man and said he owned a company that Miss F looked up online. D also said that his wife had died.

After around a month of chatting D told Miss F that he was unable to gain access to his Swiss bank account while he was abroad. He said he'd tried to resolve the matter by phone, but the bank said it could only deal with him in person. D gave Miss F access to this account and asked her to transfer funds for him, but she was unable to do so. Miss F was able to see that D had a substantial balance in his account though and agreed to lend him some money for general expenses. In December 2020 Miss F transferred 3,004.25 USD and in January 2021 she made a further payment.

D then said he planned to come to the UK to visit but before he came, he told Miss F that one of his employees had been involved in an accident when a piece of equipment failed. The employee's family was threatening to kill D if he didn't pay compensation. The family, police and D's lawyer came to an agreement about the amount D would need to pay but D said he couldn't leave until the matter was sorted out. He asked Miss F to lend him further funds and told her he'd pay her back double what she lent him. D said a friend had also taken out a loan to cover some of the £50,000 the family demanded.

D arranged for a lawyer who pretended to be based in the UK to speak to Miss F and explain that when D was back in the UK, he would repay her. The lawyer also drew up a loan agreement.

Miss F took out a loan with another business and then transferred 30,048.11USD to D on 29 January 2021. D then asked for further funds and said he was in jail and Miss F realised she was the victim of a scam.

I have set out in the table below the payments Miss F made to D.

Date	Amount in USD	Recipient
31/12/20	3,004.25	1
06/01/21	5,004.25	1
29/01/21	30,048.11	2

Miss F reported the scam to Wise on 15 February 2021. At that stage Wise said it had blocked the recipient and advised Miss F to report the matter to the police. Miss F brought a complaint through her representative in December 2022. Wise referred to its terms of use and said that it can't get involved in disputes between senders and recipients and that once it became aware of the scam it blacklisted the recipient.

Miss F was unhappy with Wise's response. She said that Wise had failed to pick up on out of character payments that were indicative of fraud and that had it done so the scam would have been exposed.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in part. He said that prior to the scam the account had been used for small retail payments below £100. The first scam payment was higher, but this alone wasn't enough to alert Wise to potential fraud. But by the third payment there was a clear change of account usage and Wise should have intervened. Given that Miss F was paying an account on the instructions of someone she'd recently met on social media and the far-fetched nature of the request for payment the investigator felt the scam would have been uncovered.

But the investigator felt that Miss F should only receive 50% of the second and third payments. He said this for a number of reasons including:

- Miss F should have been wary about someone she'd never met sharing financial information.
- It was odd that someone who presented as being rich only had one bank account with all his funds in.
- There was nothing to connect the social media pictures Miss F saw with D and the checks she completed didn't confirm she was communicating with the genuine person.
- If Miss F had checked the business addresses provided, she'd have been led to question what she was being told.
- The story about an employee dying was farfetched and should have led Miss F to ask questions.

In response to the investigator's view Wise put forward a new offer – to reimburse half of the third payment plus interest. Wise didn't feel that it should have intervened when the second payment was made because the recipient wasn't new, and the transaction didn't cause any concern. Wise said it could possibly have sent an online warning but given the nature of the scam it was unlikely to make a difference. But Wise recognised it could have done more when the third payment was made.

Miss F also didn't agree with the investigator's findings. She asked for the 50% deduction to be reconsidered for the following reasons:

- Wise had significantly more knowledge of romance scams than Miss F and the view didn't take into account the pernicious nature of romance scams and the emotional hold romance scammers have on their victims.
- Scammers in romance scams play on loneliness and vulnerabilities. Miss F's representative said that Miss F had been diagnosed with depression and during the pandemic when she was particularly lonely some of her medication had been doubled.
- Providing access to his account was a ploy by D to show he was rich.
- The inability to gain access to his funds was a solid reason for the scammer to ask for funds.
- Miss F wasn't good with technology and couldn't have done things like checking addresses.
- The employee death story may seem far-fetched to someone who isn't being manipulated but in her vulnerable position Miss F didn't question what she was told.

The complaint was passed to me, and I issued my provisional decision on 13 September 2023. I said I was provisionally minded to require Wise to reimburse half of the final payment plus interest. In the “What I’ve provisionally decided - and why” section I said,

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

Where the evidence is unclear or in dispute, I reach my findings on the balance of probabilities – which is to say, what I consider most likely to have happened based on the evidence available and the surrounding circumstances.

In broad terms, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the customer’s account. And a customer will then be responsible for those transactions that they have authorised.

It’s not in dispute here that Miss F authorised the payments. She accepts she made them herself, as instructed to by the scammer. So, while I recognise that she didn’t intend the money to go to a scammer, the starting position in law is that Wise was obliged to follow her instructions and process the payments. So, Miss F isn’t automatically entitled to a refund.

The regulatory landscape, along with good industry practice at the time, also set out an expectation for account providers to consider the interests of their customers and treat them fairly. And I think this included monitoring accounts to look out for unusual activity and trying to protect customers from fraud and financial harm. So I’ve also thought about whether Wise did enough to try to keep Miss F’s account safe.

Having considered Miss F’s account activity for the 12-month period before the scam I agree with the investigator that the first payment didn’t stand out given its value and the fact Wise is an international money transfer platform. The second payment was made six days later and was to the same payee Miss F set up at the end of December. At this stage I don’t believe there was an unusual pattern of transactions. The amount was greater than the first transaction but still relatively low and not one I think Wise ought reasonably to have had concerns about, particularly given the nature of the service it provides.

The third payment though was out of character, and I note that in its response to the investigator’s view Wise accepts it could have done more and has offered to refund 50% of this payment. So I don’t need to go into any detail about why I think Wise should have intervened. For completeness though I’ll add that I’m persuaded that had Wise intervened I believe the scam would have been uncovered as I have no reason to believe Miss F wouldn’t have been honest. There were many hallmarks of a romance scam that I think Wise would have rapidly uncovered.

I turn now to whether Miss F should be held partly responsible for her loss. My assessment of Miss F’s actions is hampered by the fact that I haven’t been provided with the messages Miss F exchanged with D. All I have seen are some emails exchanged after Miss F has lost her money.

I’ve considered the matter carefully and have provisionally decided that a 50% liability split is fair. I’ll explain why:

- *The initial request for payment was unlikely and ought reasonably to have caused concern. If D really was the CEO of a successful business as he led Miss F to believe I find it hard to understand why he wouldn’t have access to funds via any other means, like a personal account or savings accounts.*
- *There’s no suggestion that Miss F questioned why D was asking someone he had exchanged messages with online for a short period to provide funds for expenses rather than using an alternative account or turning to friends and family.*

- *The reason given by the scammer for the second payment is particularly far-fetched and ought reasonably to have led to a much greater degree of scrutiny, particularly in the absence of any proof. No messages between Miss F and D have been provided but my impression is that D was due to come to the UK and was unexpectedly prevented from doing so following the death of an employee. If an accident had occurred as described by D there would be an investigation before any fine or other payment so the immediate payment D requested was strange. The story that an agreement was reached between D, the police and D's lawyer was also very unusual and ought reasonably to have caused concern.*
- *D told Miss F he would pay her back double what he had borrowed. This is a huge amount which seems too good to be true. And Miss F needed to take out a loan to provide these funds.*
- *There is nothing to link D to the business he said he was the CEO of, and a quick search shows that D's claims are untrue. I appreciate Miss F's technology skills were limited but think a basic search of this nature could have been performed if Miss F was able to navigate a dating site and exchange messages with D.*
- *Miss F never saw D on a video chat to link him to the social media pictures he provided.*
- *Miss F's representative has referred to a lawyer who drew up a loan agreement. I have seen an agreement, but it's dated 8 February 2021. As this was after Miss F sent D the funds from the loan she had taken out. it can't have had any influence on her decision to trust what D told her. And in any event, Miss F said she didn't take any steps to check the law firm was genuine.*

I appreciate that Miss F suffered with depression and had increased her medication and thought she was in a relationship with D. I have no doubt this impacted her decision making to some degree, but I think she placed a huge amount of trust in someone she had never met and hadn't communicated with for very long.

In the circumstances, I'm satisfied that Miss F should share responsibility with Wise for the final payment.

It seems that Wise took much longer than it should to recall the funds but in this particular case I think this is unlikely to have made a difference as the payments were international."

Both parties responded to say they accept my provisional 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.

Both parties accepted my provisional decision (reproduced above), so I see no reason to depart from it.

My final decision

For the reasons stated, I require Wise Payments Limited to:

- Refund Miss F 15,024.06USD converted to GBP at the rate that applied on the day of the transaction;
- Pay interest on the above amount at the rate of 8% simple per year from the date of the transaction to the date of settlement.

If Wise Payments Ltd considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Miss F how much it has taken off. It should also

give Miss F a tax deduction certificate if she asks for one, so she can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss F to accept or reject my decision before 1 November 2023.

Jay Hadfield
Ombudsman