

The complaint

Mrs S complains that Wise Payments Limited ('Wise') won't refund her after she was the victim of a scam.

What happened

Mrs S is represented in this case but for ease I'll refer to Mrs S throughout this decision.

Mrs S says that in October 2022 she received a message from a recruiter discussing a part time role with a company I'll refer to as T in this decision that involved reviewing popular tourist destinations. Mrs S wasn't looking for a new job but worked in the travel industry and thought she could make connections that would help her. After this, Mrs S received messages from someone who said she'd been given Mrs S' details by the recruiter. This person explained that Mrs S would receive commission for completing tasks but needed to make payments to unlock the commission, which would in turn lead to more tasks being unlocked.

Mrs S was told she'd be paid in cryptocurrency and that she needed to open an account with Wise to withdraw funds. She could track progress on a portal.

I have set out below the payments Mrs S made:

Payment number	Date	Amount	Recipient
1	03/11/22	£5,000	1
2	03/11/22	£3,610	2
3	04/11/22	£6,284	3
4	05/11/22	£6,000	1
Total		£20,894	

Part way through Mrs S's interactions with T, T changed its name to a well-known review platform.

Mrs S became concerned when she was asked for more money and was advised to use credit. She contacted the genuine review company, which told her she'd been scammed. Mrs S reported what had happened to Wise on 22 November 2022.

Wise referred to its terms of use agreement and said that it is for the sender of funds to ensure the legitimacy of a recipient and that it can't get involved in disputes between senders and recipients. Wise went on to say that it didn't consider the transactions Mrs S made to be unusual, particularly given that the account was new.

Our investigation so far

The investigator who considered this complaint initially asked Wise to refund 50% of all payments. This was largely because the payments Mrs S was making didn't align with the chosen account opening purpose – contributing to savings. In response to the view, Wise provided evidence to show it had previously provided incorrect information and the account

was opened to invest. Wise also said it should have intervened when the £6,000 payment was made and offered to refund Mrs S 50% of the final £6,000 payment.

The investigator issued a second view in which he said Wise should refund 50% of the last payment. He said that the first £5,000 wasn't unusual for an EMI account as large transfers are often made from such accounts and, as the account wasn't being used to save, a transfer to a third party wasn't unusual. The investigator also didn't think payments two and three were unusual, and neither was the pattern of crediting the account before making a transfer. But the investigator agreed with Wise that the final payment was unusual, and that intervention would have made a difference so asked Wise to refund 50% of this payment. He didn't ask Wise to reimburse in full as he explained in his first view that Mrs S had contributed to her loss.

Mrs S didn't agree with the investigator's revised findings and so her complaint has been passed to me to consider. In summary, she said:

- The first payment of £5,000 should have triggered an intervention from Wise given its value. Mrs S then made a further payment meaning that she'd transferred £8,610 in a short timeframe to two new payees – which certainly required intervention from Wise.
- Mrs S opened a new account with Wise to make the scam payments. It is common knowledge within the industry that new accounts pose a greater risk of fraud, particularly as many victims are being asked to open accounts with electronic money institutions (EMIs) like Wise.
- EMIs should react to new fraud trends and intervene when unusual payments are made. Mrs S' representative referred to a previous published decision.
- If questions had been asked the scam would quickly have been uncovered as Mrs S was making cryptocurrency payments for a job.

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.

I'm sorry to hear Mrs S was the victim of a scam. I can understand why she wants to do all she can to recover the money she lost. But I can only direct Wise to refund Mrs S' loss if it can fairly and reasonably be held responsible.

It is accepted that Mrs S authorised the scam payments from her Wise account. So, although she didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of her account, Mrs S is presumed liable for her loss in the first instance. And under the terms and conditions of the account, where a valid payment instruction has been received Wise's obligation is to follow the instructions that she provides.

However, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for a bank or money transfer platform like Wise to take additional steps or make additional checks before processing a payment in order to help protect its customer from the possibility of financial harm from fraud. An example of this would be if a payment instruction is sufficiently unusual or uncharacteristic for the usual use of the account. In such circumstances I'd expect Wise to intervene and ask more questions about the intended transaction before processing it.

I'm mindful Mrs S didn't have an existing relationship with Wise and that the only transactions on the account related to the scam. This means that Wise didn't have an understanding of Mrs S' normal spending patterns to compare the transactions with.

I've seen evidence to confirm that when she opened the account, Mrs S told Wise the account had been opened for investment purposes. She then made payments to individuals. Whilst we know that Mrs S made these payments to buy cryptocurrency using a peer to peer platform, there was nothing to indicate to Wise that this was why Mrs S was making transfers. The transfers appeared to be to named individuals.

Generally speaking, when making a payment relating to an investment, an individual would pay a company or a cryptocurrency exchange. As Mrs S was paying an individual it's arguable that Wise should have provided some form of on-screen warning when she made the first payment. I'm not persuaded such a warning would have uncovered the job scam Mrs S was falling victim to though. The job scam is unusual, and I'm not persuaded Wise would have a warning that covered buying cryptocurrency to get paid commission for reviewing holidays/attractions. So, I don't consider an on-screen warning, which is as far as I consider Wise might have gone, would have made any difference.

I think similar considerations would apply to the second and third payments and that at this stage the pattern of payments wasn't so unusual that Wise needed to do anything more than provide on-screen warnings. Mrs S was paying three new payees and doing so isn't uncommon when a new account is opened. There's a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as the ones Mrs S made were stopped while further enquiries were made, many legitimate payments would be stopped which would cause significant disruption and delay.

By the time Mrs S made the final payment of £6,000 I agree that Wise ought reasonably to have done more though. She had made some significant payments and an unusual pattern of payments had emerged. I'm satisfied that had Wise asked Mrs S for some more information about the reason for the payment and how she found out about it the scam would have been uncovered and Mrs S' further loss prevented. Paying money in respect of a job opportunity in itself is a serious red flag.

After considering Mrs S's own actions I agree with the investigator that she should only receive 50% of the final payment. The whole basis of the scam wasn't plausible. Mrs S was being asked to buy and transfer cryptocurrency in order to get paid commission. She was also being asked to provide what can only be described as fake reviews to earn money. Both of these factors are highly irregular and ought reasonably to have led Mrs S to be very cautious about the legitimacy of the scheme. And Mrs S didn't receive a contract or other paperwork as I'd expect. Also, the website addresses provided to Mrs S changed a number of times and weren't genuine.

Mrs S has brought a decision of another ombudsman to my attention in support of her belief that Wise should have asked questions about the first £5,000 payment. I'm required to consider the individual facts of this case and reach a decision on them.

For completeness, the Contingent Reimbursement Model Code doesn't apply in this case.

Overall, whilst I'm sorry to hear of Mrs S' loss, I can't reasonably ask Wise to refund her in full.

My final decision

For the reasons stated I require Wise Payments Limited to:

- Pay Mrs S £3,000
- Pay interest on the above amount at the rate of 8% simple from the 5 November 2022 to the date of settlement.

If Wise Payments Limited considers they are required by HM Revenue and Customs to take off income tax from the 8% simple interest award, they should tell Mrs S how much they've

taken off. They should also give Mrs S a certificate showing this if she asks for one, so she can reclaim tax from HM Revenue and Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs S to accept or reject my decision before 8 November 2023.

Jay Hadfield
Ombudsman