

## **The complaint**

Ms H is unhappy Wise Payments Limited won't reimburse her for the money she lost when she fell victim to a scam.

## **What happened**

Ms H is represented in this complaint by a claims management company, for simplicity I will refer to Ms H throughout this decision, even when referencing what her representatives have said on her behalf.

Ms H was told about an investment opportunity by some of her work colleagues who had already invested, and after speaking to what she believed to be genuine investment brokers she agreed to make a small initial investment. Ms H says she carried out some research of her own and was satisfied that the investment firm she was using was legitimate.

Ms H was encouraged to open an account with Wise to make her payments through, the scammers guided her through this process using remote access software.

Ms H says that she saw some initial small returns on her investment, and was able to make a small withdrawal, and so agreed to invest further funds in the scheme. In total Ms H made seven payments totalling over £140,000 from her Wise account. However, when she tried to withdraw her funds from the investment scheme, she was told she'd need to make significant further deposits before she could make any withdrawal. At this stage Ms H became suspicious and realised she had been the victim of a scam. She contacted Wise on 20 October 2021 to tell it what had happened. Wise was able to retrieve £51,765 of the funds, which were returned to Ms H's Wise account, but ultimately it told her it would not be able to refund the rest of the money she had lost. It did though offer to pay her £150 to recognise that it could have handled her concerns better

Ms H was unhappy with Wise's response and so she referred her complaint to our service. On reviewing Ms H's complaint Wise stated that the payments were not unusual and so it did not consider it could have prevented Ms H's loss.

One of our Investigators looked into what had happened, and ultimately they felt that Wise should have stepped in to question Ms H about the second payment she made – which was for £25,000. They felt that, if Wise had done so, then the scam would have been uncovered and at least some of Ms H's loss could have been prevented. However, the Investigator also felt that Ms H should bear some responsibility for what had happened. They did not consider she had done enough to ensure the firm she was dealing with was legitimate, and felt there were some red flags which should have indicated to her that something may be amiss.

So our Investigator recommended that Wise refund 50% of the payments made from the second payment onwards, plus some interest.

Ms H accepted the Investigator's findings, Wise did not. It maintains that the payments were not unusual given the limited account history it had for Ms H, and so does not agree that the payments should have been flagged.

As no agreement could be reached, this 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 reached the same conclusion as our Investigator, and for the same reasons.

It's not disputed that Ms H authorised the payments that are in dispute. So as per the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Ms H is responsible for them. That remains the case even though Ms H was the unfortunate victim of a scam.

Because of this, Ms H is not automatically entitled to a refund. But the regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams.

Taking the above into consideration, I need to decide whether Wise acted fairly and reasonably in its dealings with Ms H, or whether it should have done more than it did.

Ms H's account was opened at the instruction of the scammers, so it was a new account with no previous transaction history for Wise to compare payments to. The first payment made by Ms H was for £5,000, but given that it had no transaction history for Ms H's account, Wise would have been relying on generic indicators of fraud risk when this payment was made. Wise would have had no idea of what might be normal for Ms H's account at that time, and while I appreciate that £5,000 feels like a lot of money, I don't think this was high enough to have triggered further questions from Wise at that stage. So I consider that Wise acted reasonably in allowing this payment to be made without further questioning.

I do though think that the next payment of £25,000 should have flagged as potentially suspicious to Wise. Given the high value of this payment, and the risk that allowing such a high payment to go through could present, I think Wise should have contacted Ms H directly to ask her some questions before allowing this payment to go through.

Had Wise done this, then I think it is more likely than not that the scam would have been uncovered. Ms H doesn't appear to have been given a cover story to use by the scammer, so I think that if Wise had asked what the payments were for then she would have been open and honest. And what Ms H would likely have told Wise about what she was doing should have rung alarm bells for Wise, given that these types of investment scam are becoming increasingly common. Wise could then have explained the risk Ms H was exposing herself to, and I consider it likely that the spell of the scam would have been broken and Ms H wouldn't have proceeded with the payments. So I think Wise could have prevented the losses Ms H incurred from the second payment onwards.

I do, however, agree with our Investigator's finding that Ms H ought to have thought twice before investing such large sums of money. The FCA issued an alert about the company Ms H was investing with before she made the last four payments, and there were issues with the way the scammers were operating that I think should have indicated to Ms H that she might not be dealing with a legitimate investment firm. For example, she was promised an

unrealistic cash bonus, she communicated with them on WhatsApp rather than through a more formal channel, and she was told she'd made large profits in a short space of time that should really have been considered too good to be true. So with this in mind, I think it's fair and reasonable for Ms H to bear responsibility for 50% of the loss.

I've also thought about whether Wise could have done more to recover the funds after Ms H reported the fraud. I'm satisfied that Wise did what it could, it contacted the receiving bank quickly once it had been able to properly discuss the fraud with Ms H. I also know, from experience of these kinds of cases, that scammers invariably will move the proceeds of their scams on very quickly, to avoid them being recalled. So any delay in a scam being reported, as there was here, means that the prospect of recovery is very slim. With all of this in mind, I don't consider that Wise could have done more to recover the money that Ms H has lost.

So, in summary, I consider when Ms H made the second transfer, Wise could have done more to protect her from the risk of financial harm. Had Wise contacted Ms H directly and asked some open questions about what was happening, I'm persuaded it is more likely than not the scam would have come to light, and Ms H wouldn't have lost out on the £136,765 she then went on to transfer. I do though consider that Ms H also shares responsibility for her loss here. So I consider it fair and reasonable for Wise to refund 50% of that amount to Ms H (minus the £51,765 that has already been returned to her Wise account), along with interest at our standard compensatory rate of 8% on the portion of the £25,000 payment that is being refunded, as this was the only money that came from her personal accounts, the other funds were from third parties that Ms H borrowed the funds from.

Wise, by its own admission, did not handle Ms H's complaint as well as it could have. And as a result, it offered to pay her £150 to recognise any distress and inconvenience caused. I consider this to be a fair and reasonable offer in the circumstances of this complaint.

### **Putting things right**

To resolve this complaint Wise should:

- Refund 50% the £136,765 (less any sums that have already been refunded).
- Pay 8% simple interest per annum on the portion of the £25,000 payment that is being refunded, calculated from the date of that payment until this complaint is settled.
- Pay Ms H the £150 compensation it has offered

### **My final decision**

I uphold this complaint. Wise Payments Limited should put things right in the way I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 2 November 2023.

Sophie Mitchell  
**Ombudsman**