

## The complaint

Miss B is complaining that Wise Payments Limited won't refund the money she lost when she was the victim of a scam.

## What happened

In March 2023 Miss B fell victim to a scam after she was contacted about a job opportunity by someone who claimed to be a recruiter. The circumstances of the scam are well known to both parties so I won't go into great detail here.

In summary, Miss B was introduced to an online platform where she was told she could earn commission on completion of a number of tasks which involved clicking on an app to maximise customer traffic. On completion of the tasks her balance went into a negative position, and she was told she needed to deposit cryptocurrency to the platform to continue to complete the tasks to earn commission. Miss B was also added to a group chat where she was able to talk to other apparent employees about the work she was completing.

Miss B made the following transactions from her Wise account as part of the scam, which she exchanged into cryptocurrency and sent through her Binance account.

Date	Amount	Reason selected for payment	Destination
21/03/2023	£1,300	Sending money to friends and family	Wise account
23/03/2023	£2,405	Paying to earn money by working online	Wise account
23/03/2023	£232	Paying to earn money by working online	Wise account
25/03/2023	£1,497	Paying for goods and services	Wise account
26/03/2023	£2,300	Unknown/no scam warning	Wise account
27/03/2023	£2,000	Unknown/no scam warning	External account
28/03/2023	£1,024	Paying to earn money by working online	Wise account
	<b>Total loss: £10,758</b>		

When Miss B asked to withdraw the commission she'd earned, she was told she needed to pay a further fee to release the funds. At this point, she realised she had been scammed. She reported the scam to Wise on 17 April 2023.

Wise attempted to recover the payments Miss B had made to the scam but weren't able to do so. Miss B complained to Wise, but they didn't think they needed to refund the payments. Miss B brought her complaint to us.

Our investigator looked into Miss B's complaint. She thought that Wise could have done more to warn Miss B about the scam at the point she made the second payment, and if they had done the scam would have come to light sooner than it did. She thought that Wise should refund the payments Miss B made from the second payment onwards, with 8% interest. But she also thought Miss B should share the liability for what had happened and so should be responsible for 50% of her loss.

Miss B accepted the investigator's view. But Wise didn't agree. They said that their own analysis shows that only just over 5% of payments made with the reason '*paying to earn money online*' were later reported to be a scam. They say this isn't significant enough for them to suspend all these types of payment. So, they didn't think they should have to refund any of the money to Miss B.

Miss B's complaint has now been referred to me for review and 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 agree with the outcome reached by the investigator. I'll explain why.

It's not in dispute that Miss B authorised the payments. And Wise have a duty to act on her instructions. But in some circumstances, Wise, as a regulated electronic money institute (EMI), should take a closer look at the circumstances of the payments – for example, if they ought to be alert to a fraud risk, because the transaction is unusual for the customer, or otherwise looks characteristic of fraud. And if so, they should intervene, for example, by contacting the customer directly, before releasing the payments. But I'd expect any intervention to be proportionate to the circumstances of the payment.

Wise have shown us they asked Miss B the reason for most of the payments, and that they showed her a warning based on the reason she selected. I've considered whether that was proportionate in the circumstances.

For the first payment, Miss B selected the reason for the payment as '*sending money to friends and family*' and she was shown a tailored warning saying, in summary, that scammers often create fake profiles online to trick people into giving them money, and if you haven't met them in person, it's safest not to give them money. Miss B chose to proceed with this payment after seeing the warning.

Miss B hadn't used her Wise account for some time. So, Wise didn't have a pattern of transactions to refer to, in order to see if the payment was unusual for her. And I don't think the payment was otherwise suspicious. Neither the payment reason nor the amount looked particularly concerning. I think it was reasonable for Wise to process this payment in line with Miss B's authorised request, having first shown her a warning relevant to the payment reason she gave.

For the next payment Miss B made to the scammer on 23 March 2023, she selected '*paying to earn money by working online*' as the reason for the payment. This prompted a warning about the sort of scam Miss B was experiencing, which said:

- *Have you been asked to pay to earn money? Stop – this is a scam. Scammers will ask you to pay, and then start earning money by watching ads or writing reviews.*
- *Have you already been paid a small amount? Scammers might pay you a small amount first to gain your trust. Then, they'll ask you to pay them to earn larger amounts.*

This payment was for a larger amount than the first payment. And I don't think it's unreasonable to conclude that payments being made for this reason are less likely to be legitimate than payments being made to friends and family (for instance). In fact, I think it's unlikely there are many scenarios where a legitimate job role would ask for payments to carry out work online.

So, I think Wise should have been alert to the fact that payments made for this reason may be part a scam, unless it had been selected by mistake. I'm also taking into account this was the second substantial payment made from the account within a few days following a long period of inactivity. And so it's at this point that I think Wise ought to have done more to intervene, by contacting Miss B directly about the circumstances of the payment before deciding whether to process it.

I've considered what Wise have said about the low level of scam reports they've received for payments made for the reason '*paying to earn money by working online*', and their decision not to suspend all these payments for a fraud check as a result. Regardless of the level of reports they've received, which I note appear to be based on a very small sample, I'd expect Wise to be aware this sort of transaction presents a clear scam risk. And, in the particular circumstances of this case, I don't think it was proportionate to simply show a warning.

If Wise had contacted Miss B directly to find out more about the circumstances of this payment, I think they would have realised she was falling victim to a scam. It's clear Miss B wasn't aware of this type of scam before she experienced it, and Wise would have been familiar with circumstances of similar scams and would likely have been able to identify it by speaking to Miss B directly. And I have no reason to think Miss B wouldn't have been honest about the circumstances of the payment. She had researched the company online and thought the job was genuine, and I've not seen anything to show she was instructed to lie if Wise had asked about the payments.

So, I think it's likely that if Wise had intervened at this point, it would have uncovered the scam and prevented Miss B from making any further payments to the scam from that point on. For these reasons, I consider it fair to hold Wise liable for the loss incurred after and including the second payment to the scam.

But I've also considered whether Miss B should share any liability for the preventable loss.

I've taken into account that this was a sophisticated scam involving a fake trading platform and a group chat which was very convincing. Miss B did carry out some investigation into the company she thought she was dealing with and satisfied herself it was legitimate. But overall, I do think it's fair to expect Miss B to share some liability for the following reasons:

- The scam warning Wise gave Miss B before she made the second payment was quite specific to the scam she was experiencing. Although the warning refers to the type of work as watching ads or writing reviews, I think the overall circumstances were similar enough to Miss B's experience to have alerted Miss B that she may be experiencing a scam. But despite this she continued to make further payments to the scammer.
- The expected return in relation to the amount and skill level of the work required was high, and I think it would have raised suspicions in any reasonable person about whether this job was all that it seemed to be.

I understand that Miss B was experiencing some difficult circumstances in the health of her family and herself at the time she fell victim to the scam, and I'm sorry to learn about this. But from what she's said, I don't think that this directly contributed to her falling victim to the scam.

Overall, for the loss I think Wise ought to have prevented, I think it would be fair for Miss B to share 50% liability – and for Wise refund the other 50%. It should pay interest on top of this to compensate Miss B for the loss of use of the funds.

There are industry standards around attempting recovery of funds where a scam is reported. Wise should have attempted to recover Miss B's payments immediately on being told of the scam. But Miss B didn't report the scam until around three weeks after the payments were made. I can see Wise attempted recovery from the recipient's accounts on the same day they received the scam report, but, perhaps unsurprisingly, the money had been moved on by that point.

Wise didn't attempt recovery of the external payment until over a month after the scam report – but in any event the business this account was held with has told us that the money was removed from this account on 28 March 2023, some time before Miss B reported the scam. So even if Wise had attempted recovery sooner, the money wouldn't have been recovered. I can see, however, that 2.33 USDT remained in Miss B's Binance account, so I think it's appropriate to deduct that amount from the award.

## **My final decision**

My final decision is that Wise Payments Limited should:

- Refund 50% of Miss B's loss from the second scam payment onward, less the amount that wasn't transferred from the sending account; and
- Pay 8% interest on this amount, running from the date of the payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 4 February 2024.

Helen Sutcliffe  
**Ombudsman**