

The complaint

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

What happened

In January 2018, Miss N came across someone on social media who was advertising for people to work with them to make money. Miss N messaged the person, who told her they would be investing in stocks and could make significant profits. As the person seemed genuine and knowledgeable and had a large following on the social media platform, Miss N decided to go ahead with the investment and made a series of payments through Wise to the account details the person gave her. I've set out the payments Miss N made below:

Date	Details	Amount
25 January 2018	To 1 st account details	£1,000
25 January 2018	To 1 st account details	£1,000
25 January 2018	To 2 nd account details	£2,000
25 January 2018	To 2 nd account details	£1,000
26 January 2018	To 3 rd account details	£500

Unfortunately, we now know the investment wasn't genuine and the person was a scammer.

After the scam was uncovered, Miss N reported the payments to Wise and asked it to refund the money she had lost. Wise investigated but said it couldn't have detected that the payments were part of a scam and had made the payments as Miss N had instructed it to. So it didn't agree to refund them. Miss N wasn't satisfied with Wise's response, so referred a complaint to our service.

I sent Miss N and Wise a provisional decision on 17 August 2023, setting out why I wasn't intending to uphold this complaint. An extract from my provisional decision is set out below:

"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 N authorised the payments. She accepts she made them herself, as instructed to by the scammers. So while I recognise that she didn't intend the money to go to scammers, the starting position in law is that Wise was obliged to follow her instructions and process the payments. So Miss N 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 N's account safe."

But this kind of account is often used for the types of foreign currency payments Miss N made as part of this scam, so these types of payments wouldn't have seemed unusual to Wise. And some of the money for the scam payments came from an account in a foreign currency, so it would have seemed that Miss N had a genuine reason for making these kinds of payments.

Miss N had also opened the account just over a month earlier and used it to make a number of legitimate payments before the scam payments were made. The scam payments weren't for what I consider to be particularly large or unusual amounts of money. And they were made to a number of different account details, which made a link or pattern between them more difficult to identify.

So I think it's reasonable that Wise didn't identify the payments Miss N made here as unusual, or do anything further before allowing them to go through.

I've also considered whether Wise did enough to try to recover the money Miss N lost, once it was told about the scam. But Wise wasn't told about the scam until more than four years after the payments were made. And scammers will usually move money as quickly as possible to avoid it being followed. And so I don't think anything we would reasonably have expected Wise to have done could have recovered the money Miss N lost.

I sympathise with the position Miss N has found herself in. She has been the victim of a cruel scam and I appreciate that my decision will come as a disappointment to her. But, for the reasons I've set out above, I don't think Wise has acted unreasonably or that anything I would reasonably have expected it to do would have prevented this scam or recovered her money. So I don't think it would be fair to require Wise to refund the money Miss N has lost."

I said I'd consider anything further Miss N and Wise sent in following the provisional decision, provided it was received by the deadline given.

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.

Neither Miss N nor Wise sent in any further evidence or arguments following the provisional decision. And so I still think the conclusions I reached in the provisional decision are correct, and for the same reasons.

I don't think it's unreasonable that Wise didn't identify the payments Miss N made as unusual, or do anything further before allowing them to go through. So I don't think Wise has acted unreasonably or that anything I would reasonably have expected it to do would have prevented the scam. And so I don't think it would be fair to require Wise to refund the money Miss N lost.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss N to accept or reject my decision before 24 October 2023.

Alan Millward
Ombudsman