

The complaint

Mr P complains that Wise Payments Limited trading as Wise restricted his card without adequate explanation.

What happened

On 18 April 2023 Mr P raised a dispute with Wise concerning a Chip and PIN transaction he had carried out. On 24 April Wise declined the disputed transaction claim as it could not confirm the transaction was unauthorised. However Mr P was also advised on this date that Wise had placed a restriction on his card due to recognising a fraudulent transaction, with a particular merchant. Mr P was asked to confirm if he recognised the activity.

Mr P advised that he couldn't see the activity on his account, and Wise explained to him that the activity was "hidden" and gave him information as to how to find the activity on his account. As Mr P did not respond, Wise raised a disputed transaction on his account, and advised him to apply for a new card. It agreed to waive any fees in connection with this.

Mr P raised a complaint with Wise, and said that it had not provided him with a sound explanation as to why he thought the transaction was fraudulent. Wise explained in its final response letter of 1 June 2023 that the transaction was an active card check. This is when a fraudster completes a transaction of no dollar value. They do this to confirm the account details are accurate and the card is active. Upon confirming the card details are active and correct, a fraudster can then continue to use the card for larger dollar amounts and complete unauthorised transactions on the card.

Because it was confident Mr P's card was compromised, Wise explained that it was under an obligation to further protect his account and his funds. This was why the restriction was placed on his card. This was done in accordance with Section 6.8 of the card supplement agreement, to which he agreed on the creation of his Wise account.

On referral to the Financial Ombudsman Service, our Investigator was satisfied that Wise was right to do what it did, so she did not recommend that it take any further action.

Mr P did not agree and said that the question about how Wise explained (or failed to explain) the so-called suspicious transaction had simply not been addressed.

Mr P asked for the matter to be referred to an Ombudsman and it has been passed to me for further consideration.

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.

Mr P believes that Wise unfairly blocked his account and failed to explain why it regarded the transaction as fraudulent. I start from the premise that under s 6.8 of the terms of the agreement which Mr P agreed to when applying for the card, Wise is entitled to suspend or

cancel the Card, including if the activity on the Card appears suspicious, fraudulent or it believes it to be associated with criminal activity or activity which is inconsistent with the agreement.

I have considered whether Wise acted fairly and reasonably when it decided to restrict his card. I would observe that it did not completely block the card but limited it to only secure payments like Chip and PIN and other in person payments, or e-commerce payments that use 3DS (3D secure) technology that require 2FA (2 factor authentication) verification. It also acted promptly in advising Mr P to apply for a new card, waiving the fees in the process.

I understand that Mr P wants an explanation from Wise as to why it considered the transaction to be fraudulent. It does not have to explain why it blocked the card, but I think in this case it provided a clear explanation to Mr P. I can't ask it to provide further evidence to Mr P about why it decided to restrict the account, but I am persuaded that it did so in Mr P's best interests. The risk was that, the merchant in question having gained access to Mr P's account, his card was compromised.

So I think that Wise acted fairly and reasonably in restricting Mr P's account and in advising him to apply for a new card. I understand that this caused him some inconvenience, but I bear in mind that he could have applied for a new card when advised to do so, and in the meantime he would have been able to make limited transactions on his account.

My final decision

I don't uphold the complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 4 December 2023.

Ray Lawley
Ombudsman