

## **The complaint**

Mr M complains that Wise Payments Limited (“Wise”) didn’t do enough to protect him when he fell victim to a scam.

## **What happened**

The details of this complaint are well known to both parties, so I won’t repeat them again here. The facts are not in dispute, so I’ll focus on giving the reasons for my decision. But briefly Mr M was contacted by someone offering a task-based job/investment opportunity where he needed to pay to complete tasks and would then get paid a fee upon completion.

Our investigator upheld the complaint in part. Mr M agreed with those conclusions. Wise did not reply.

I issued my provisional decision in 5 October 2023 explaining why I was thinking of reaching a conclusion similar to the investigator’s view - but the point at which I intended to uphold from differed slightly. I also addressed two new issues of recoverable funds and interest which should be added to the loss.

Mr M accepted my provisional decision. Wise did not reply.

## **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 very sorry that Mr M has lost so much money to a cruel scam. I can only direct Wise to refund Mr M’s loss if I’m satisfied it reasonably failed to prevent it or did something wrong where it would be fair to ask it to provide a refund.

Wise is an electronic money institute (EMI) and not a bank so isn’t subject to the same expectations set out in guidance and regulations as a bank when it comes to fraud prevention.

There’s no dispute Mr M authorised the scam payments from his Wise account. So, although he didn’t intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of his account, Mr M is presumed liable for his 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 he 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.

I've thought about whether Wise acted fairly and reasonably in its dealings with Mr M when he made the payments, or whether it should have done more than it did.

I don't consider Wise had any reason to be concerned until Mr M made the payment of £2,559 on 24 September 2022.

The early payments were relatively low in value and didn't fit a pattern consistent with common scams. In the months before the scam Mr M had made transfers of around £2,000. So, I don't think the early payments up to and including the one for £1,500 would have stood out as unusual or suspicious. However, the payment for £2,559 was the largest payment Mr M had ever made from the account and by now there was a pattern of several payments to the same individual in quick succession. By the £2,559 transfer, the payments had also increased significantly in value.

Wise should have been aware of the prevalence of scams of this nature and been on the lookout for signs of financial harm, so I think it ought reasonably to have intervened. I appreciate it has also said that this activity and payment pattern is what Wise's product is designed to do - but a large volume of payments which increased significantly in size in quick succession are a classic scam pattern and I think it reasonably ought to have been concerned.

I'm satisfied that had Wise intervened and asked Mr M about the reason for the payment, the scam would quickly have been uncovered. I see no reason why Mr M wouldn't have told the truth as he hadn't been given a cover story and genuinely believed that he was making payments in respect of an employment/investment opportunity.

It follows that if Wise had prevented the payment of £2,559 the subsequent payments also wouldn't have been made.

I've gone on to consider whether it's fair and reasonable to hold Mr M partially responsible for his loss. Mr M has accepted the position our investigator outlined so I won't go into detail here, but I do agree with the investigator and broadly for the same reasons. It also seems from Mr M's own testimony that he began to have concerns but continued to make the payments in the hope he would somehow recover his funds. I do think by the time the bank ought to have intervened, Mr M reasonably ought to have been concerned about the rapidly increasing sums being requested. Overall, I consider Mr M should bear some responsibility for his loss too.

I've considered Wise's actions once it had been put on notice that Mr M was a victim of fraud. Wise is generally expected to assist its customers in recovering funds lost in a scam. Wise is also the institution of the beneficiary account and did confirm that "roughly £200" remained at the time it was notified of the scam. Looking at the beneficiary bank statements this appears to be £181.66 at the time the account was closed. Wise did also say for some reason this sum was returned to the beneficiary instead of being recovered for the scam victim. As I think it should have been returned to Mr M - I have set out below how this should be factored in bearing in mind I am upholding Mr M's complaint in part.

### **Putting things right**

I require Wise Payments Limited to pay Mr M his loss D where:

A = Refund £181.66 that would have been recoverable from the beneficiary account

B = Refund the payments from and including the seventh transaction of £2,559

C = net loss B-A

D = 50% of the net loss C

Because Mr M has been deprived of the use of his money, Wise should pay interest on D at the rate of 8% simple per year from the date of each payment to the date of settlement (less tax if properly deductible).

### **My final decision**

My final decision is that I uphold this complaint in part and require Wise Payments Limited to put things right for Mr M as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 17 November 2023.

Kathryn Milne  
**Ombudsman**