

The complaint

Mr K complains that Wise Payments Limited has declined to reimburse payments that he made as part of a scam.

What happened

Mr K has explained he was looking for work when he was contacted about a job opportunity. In this role, he thought he would be generating data for a company by completing tasks online. Mr K was told he needed to make deposits, via cryptocurrency, in order to complete certain tasks.

Between 30 January and 8 February 2023, Mr K made 11 debit card payments to a cryptocurrency platform from his Wise account – totalling over £19,000.

As the amounts that Mr K needed to deposit increased and became unmanageable, Mr K undertook further research and realised it was a scam.

Wise declined to refund any of the payments to Mr K on the basis that he had authorised the payments and received the service provided by the cryptocurrency platform - so it was unable to request a chargeback in the circumstances.

When Mr K complained to our service, the investigator upheld the complaint in part. They thought the payments began to appear suspicious and out of character by the 11th payment. So, they thought Wise ought to have intervened by then and that this would likely have revealed the scam preventing further loss to Mr K. They also thought it would be fair for Mr K to bear some of the responsibility in the circumstances and so recommended a 50% deduction on the award. They then said Wise ought to apply simple interest at 8% on the amount being reimbursed from the date of payment to the date of settlement.

Mr K accepted the outcome, but Wise didn't respond by the deadline set so the complaint was passed to me for a decision by an ombudsman. Wise has since provided its comments and supporting evidence including why it doesn't agree with the investigators' outcome.

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, including reviewed the information provided by Wise more recently, I've reached the same conclusions as the investigator for similar reasons which I'll set out below.

It isn't in dispute that Mr K has been the victim of a scam, but for clarity having reviewed his chat with the company purporting to employ him I'm satisfied this was the case.

Mr K has confirmed that he made the disputed payments which means they were authorised. So, the starting point under the relevant regulations is that Wise was expected to execute those payments without undue delay. However, taking into account good practice at the time, I think Wise ought fairly and reasonably to have had steps in place to protect its

customers, including against the risk of financial loss due to fraud.

Having looked at the account statements provided; I think that the activity ought to have appeared suspicious to Wise in the context of Mr K's usual account activity. And that a fair point at which to say Wise ought to have done more is the 11th disputed payment i.e. the payment for £3,400 on 6 February 2023. This is because:

- All the disputed payments were debit card payments to a cryptocurrency platform. And based on Mr K's statements, he hadn't made any payments to a cryptocurrency platform before from this Wise account.
- Payment 11 was for a higher amount than Mr K typically spent on the account based on the previous 12 months. I appreciate Wise has now shown that just over a year earlier Mr K had made some larger payments, but I don't think this is enough in itself to show the activity here was normal for Mr K.
- The disputed payments need to be taken in the context of increasing payments and total spend to a cryptocurrency platform over a short period of time. By payment 11, Mr K had already sent almost £5,000 to a cryptocurrency platform across multiple payments in the previous week. There is a higher risk associated with this type of activity. So, I think at the point that he instructed Wise to make a further large payment it ought to have intervened.

Had Wise taken steps to identify basic information such as the purpose of the payment, I think it's more likely than not that this would have revealed the scam and prevented Mr K from incurring further loss. This is because:

- I have no reason to think that Mr K wouldn't have been honest. And so, he'd likely have shared that the payments were to enable him to complete tasks online for a new job and that he was being asked to credit more and more funds to enable him to complete a set of tasks. Importantly, the job operated in such a way that he'd lose his money if he didn't make further deposits.
- This would not have sounded legitimate to Wise as it is consistent with other 'job scams' – and at the time there were warnings on the genuine company's website about scammers impersonating it.
- Wise has said that it isn't Mr K's primary financial institution and that he was acting within his spend limits. It provided a call from February 2023 in which Mr K asked to increase his spend limit and says this shows he was determined to make the payments and so a scam warning would have been ineffective. I don't agree with this logic – while Mr K was trying to make payments, this doesn't mean that an appropriate intervention wouldn't have been successful. Rather this call was a missed opportunity to discuss why he needed to make significant payments beyond Wise's policy – instead he was advised to make multiple smaller payments.

I've also needed to think about whether Mr K bears some responsibility for his loss here, and therefore whether it would be fair to make a deduction to the award in the circumstances. I think this would be appropriate in the circumstances because:

- Mr K says he looked at positive reviews about the company he thought he'd be working for and went on its website. But at the time there was a warning on the company's website explaining that a third party had been impersonating it as part of a scam.

- I'm also concerned about the plausibility of this job opportunity. Particularly as Mr K didn't receive a contract or terms of employment despite thinking he'd be employed on a salary and commission basis by a large company.
- I think it would have concerned most people that Mr K had to deposit funds in order to access tasks to complete or to access commission he'd already earned. As the amounts increased beyond Mr K's expectations, and he was struggling to meet these payments, I don't think it was reasonable to continue making further payments.
- For these reasons, I think it's fair to make a 50% deduction on the award to recognise Mr K's role in circumstances.

So, for the reasons explained I don't think Wise acted fairly in declining Mr K's request for a refund of the disputed payments – and that it should provide a partial refund.

My final decision

My final decision is that Wise Payments Limited should pay Mr K:

1. 50% of the eight disputed payments he made between 6 and 8 February 2023.
2. Interest at 8% simple on the award in point 1, from the date of the payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 15 January 2024.

Stephanie Mitchell
Ombudsman