

The complaint

Mr J complains that Wise Payments Limited trading as Wise won't refund the money he lost after he fell victim to an authorised push payment ("APP) scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my 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 investigator's findings for broadly the same reasons, which I will go on to explain. However, firstly I would like to acknowledge that I have summarised this complaint briefly in less detail than has been provided, and in my own words. No discourtesy is intended by this. But I've focussed on what I think is the crux of the complaint. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

As a starting point in law, Wise has a primary obligation to carry out correctly authorised payment instructions given to it by its customers and without delay. It's agreed by both parties that Mr J authorised the payments in question. As such, Mr J is responsible for the payments he instructs Wise to make.

However, as a matter of good industry practice, I'd expect Wise to have been on the lookout for significantly unusual or out of character transactions that might be indicative of the risk of loss through fraud or scam while ensuring minimal disruption to legitimate payments. Wise says the relevant transactions weren't significantly unusual. Mr J's account was a relatively new account and due to the nature of its service, it is common for its customers to set up their accounts for sending a few transfers in different currencies and not to use it for anything else.

Having reviewed the evidence provided I am satisfied that this is in line with Mr J's intentions for opening the account. I say this because, when Mr J was asked what his intentions were for opening the account he said:

"I intend to use Wise to simply move my funds from different accounts, I can use Wise to move funds internationally."

As such, I am satisfied the activity on the account is in line with the purpose it was set up and due to that there was only a very brief period of prior account history which Wise could have used to compare transactions.

There were three payments in question. The first was sent on 24 January 2023 at 11.26am for £2,242.46, the second on the same day at 11.37am for £581.64 and the final payment transferred on 28 January at 17.54pm for £4,934.50. All payments were converted into USD and sent to different payees. While I accept the amount of money Mr J sent is significant to him, it doesn't in itself suggest a heightened risk of fraud. The first two payments were not remarkable in size and both payments went to separate beneficiary accounts. So, the frequency and number of payments being made to any one payee wouldn't have stood out. And as I have explained above, a balance has to be struck between Wise identifying payments which could be fraudulent – and ensuring minimal disruption to legitimate payments.

However, on the first transaction, Wise did provide a warning. As Mr J had said selected "investment" as the purpose for payment, he received a warning tailored to an investment scam. In summary the warning asked Mr J if someone reached out to him unexpectedly and did the investment sound too good to be true.

I can't ignore the fact that this was a job scam and I have seen evidence to show there was an option to choose "*paying to earn money by working online*" for the purpose for payment, which would have been more appropriate for Mr J to choose. And in turn this would have generated a more tailored warning for Mr J. However, given the fact Mr J was contacted unexpectedly (via a social networking application) I think this warning ought to have been enough for Mr J to consider whether this seemed legitimate. However, as the CMC has confirmed, Mr J ignored the warning and proceeded regardless.

The third payment which was transferred three days later was for £4,934.50. Again, while this is higher in value and significant to Mr J, this alone, doesn't necessarily mean Wise ought to have identified a heightened risk of fraud. I have considered the reasons Mr J gave for opening the account, the type of transaction (P2P), purpose for payment and I am satisfied in isolation (considering this was four days later) this alone wouldn't be enough for the bank to have thought human intervention was warranted. Again, Mr J chose purpose for payment as 'investment' which is line with his previous account activity (the previous payments made to the scammer). The option to choose "Paying to earn money by working online" was still an available option for Mr J. As he chose the option "investment", Wise provided a further warning to Mr J which was the same as the warning I have outlined above. Mr J ignored the warning and proceeded.

Even if it could be argued that this payment ought to have triggered, on balance I don't think it would have stopped Mr J from proceeding. I say this because when Wise did complete a more thorough intervention (in later payments Mr J attempted to send), when he was again asked why he was making the payment he said:

"The payments to them people was because of investments"

As such, even after two warnings were provided asking if he had been contacted out of the blue highlighting it may be a scam and the business directly asking Mr J what the payment was for, he still didn't provide Wise with correct information depriving it of an opportunity to detect that Mr J may be at risk of fraud.

However, overall, I don't consider that any of the payments was sufficiently unusual Wise could reasonably have known that these were subject of a scam. I couldn't reasonably find Wise to have been at fault through following Mr J's instructions.

I have gone on to consider if Wise took reasonable steps to try and recover the funds. Wise originally said the transfers Mr J had set up had already been sent out and they were unable to receive the funds from the recipient account. I can see that Wise communicated this to Mr J promptly. And given the nature of the payments, that isn't uncommon. However, upon

further investigation Wise has said that it overlooked that £170.90 was left on an account. As such, Wise should have recovered that for Mr J. Wise has accepted this and offered to refund the money it ought to have recovered at the time.

Putting things right

Overall, for the reasons explained, Wise Payments Limited trading as Wise are required to;

- Refund Mr J the remainder of the money that was left on the recipients account when it attempted to recover the funds.
- Pay Mr J 8% simple interest on the amount, calculated from the date Wise Payments Limited trading as Wise failed to recover the funds until the date of settlement.
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My final decision

My final decision is that I uphold the complaint and direct Wise Payments Limited trading as Wise to pay refund Mr J as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 22 April 2024.

Jade Rowe
Ombudsman