

The complaint

D, a limited company, complains that Wise Payments Limited did not refund a series of payments it lost as part of a scam.

What happened

I'll refer to Mr I throughout the decision, as he has raised the complaint on behalf of D and has a separate case with our service that is linked to the same scam. I will issue a separate decision in relation to that case.

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail again here. In summary, D was the victim of a scam in which the scammer convinced Mr I that D's account was in danger and the funds needed to be moved to a safe account. The payments were as follows:

- £5,000.32
- £4,999.32
- £4,000.32
- £1,900.32

Mr I says that he received two factor authentication codes for the transactions which he read over the phone to the scammers, so they could approve the transactions. He was advised that the money would be returned to D later, however this never happened. Soon after, he realised D had been the victim of a scam. He complained to Wise but they didn't agree they were at fault and did not uphold the complaint. As a result, the complaint was referred to our service.

Our Investigator looked into the complaint and felt that Wise should refund D from the second payment onwards, but that the redress should be reduced by 50% to account for D's responsibility for the loss.

D agreed, however Wise said they didn't agree the payments were out of character when compared with the account as a whole. As an informal agreement could not be reached, the complaint was passed to me.

I issued a provisional decision in which I explained I did not intend to uphold the complaint. My provisional decision read as follows:

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, 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 account. And a customer will then be responsible for the transactions that they have authorised.

In his communication with us and Wise, Mr I, on behalf of D, has given conflicting accounts of what his understanding of the events were. He mentioned to us that he did not know transactions were going to leave the account until after they had already gone. But he also said to Wise when he first raised the claim that he read out the authentication codes to the scammer so they could approve transactions to leave the account. On balance, considering that he spoke to Wise just a few days after the incident occurred, I think it's more likely he was aware the transactions were going to leave the account and he therefore gave his authorisation for them to be made.

While I recognise that D didn't intend the money to go to scammers, the starting position in law is that Wise was obliged to follow D's instruction and process the payments. Because of this, D is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Wise did enough to try to keep D's account safe.

In doing so, I've considered D's account statements which I've been provided. I can see that there are a number of transactions in both GBP and USD (United States Dollars). These appear as two separate statements and this is how the Investigator assessed the transactions. The transactions in question occurred in GBP, and when viewed solely alongside the other GBP payments, they do appear to be out of character. And ordinarily, this would mean Wise should have carried out further checks and contacted Mr I, on behalf of D, before processing the transactions.

However, Wise has informed us that the account would be viewed as a whole when they are monitoring it for potential fraud risks, meaning transactions in all currencies would be considered alongside each other. I've therefore considered the fraudulent transactions alongside all of the other genuine transactions on D's account.

In doing so, I am currently of the opinion that the transactions were not so unusual or out of character to have warranted further intervention by Wise. I say this because D regularly made high value transfers out of the account in the months prior to the scam occurring, often with multiple high value transactions occurring to a business on the same day. The fraudulent transactions therefore match the pattern of spending of previous genuine transactions on the account. In addition, the balance of the account had previously been reduced to a similar level that it was left at following the scam, so this would also not have been unusual when compared with genuine activity on the account.

Based on what I've seen so far, I currently do not think Wise needed to intervene prior to the transactions being processed, as I don't think they were so unusual to have warranted further checks by Wise. Because of this, I don't think Wise missed an opportunity to reveal the scam at that time. So I do not currently think it needs to reimburse D with the fraudulent transactions.

I've gone on to consider whether Wise could have recovered the funds once Mr I made them aware of the scam. However, the beneficiary bank has confirmed the fraudulent funds were removed on the same day that they were processed, and before Wise was made aware. So, there was nothing further they could do to try and recover the funds.

Neither D or Wise responded to my provisional decision with any additional comments or evidence for me to consider.

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.

As neither party provided any additional comments or evidence for me to consider, I see no reason to depart from the findings set out in my provisional decision. Because of this, I don't uphold the complaint and I don't direct Wise to refund the money that was lost as part of the scam.

My final decision

I do not uphold D's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 8 March 2024.

Rebecca Norris
Ombudsman