

The complaint

Mr N has complained Wise Payments Limited, trading as Wise, won't refund money he sent after being the victim of a scam.

What happened

In January 2023 Mr N received a call from someone saying he was to be prosecuted for tax issues. They conned him into believing he had to send them money immediately. Over a two-hour period Mr N was persuaded to send £14,935 from his account with Wise by transferring money into that account from his account with another institution (who I'll call N).

Mr N made four transfers totalling £14,935 to named individuals, not HMRC. During the process of making these payments, Wise notified the first two payments failed the confirmation of payee check, but Mr N was talked through why this was, and the payments were made.

Mr N realised what was going on and tried to get his money back. N refunded him for a transaction he'd made from his account direct to the fraudsters, but otherwise he had to go to Wise for the payments made from that account.

Wise wouldn't repay him as they felt they'd done nothing wrong.

Mr N brought his complaint to the ombudsman service. Our investigator felt Wise should have noticed something was up and intervened. He asked Wise to repay the third and fourth payment, along with 8% simple interest.

Mr N accepted this outcome. Wise didn't.

Wise has asked an ombudsman to review the complaint.

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've reached the same outcome as our investigator. I'll explain why.

Where there is a dispute about what happened, I have based my decision on the balance of probabilities. In other words, on what I consider is most likely to have happened in the light of the evidence.

There's no dispute Mr N was scammed and has lost a considerable amount of money. He has my sympathy about what he has gone through. He was rung in the morning and effectively badgered to pay money for tax that he supposedly owed. He was persuaded this was genuine as there was more than one call and at least one appeared to come from the genuine Court of Appeal telephone number. This made him feel incredibly helpless and desperate to do what he was asked. He didn't take any notice of the warnings he was being presented with by Wise, because of the way the fraudsters had made Mr N feel and the

urgent actions he needed to take.

There's no dispute that Mr N made and authorised all of the payments. Therefore I'm satisfied the transactions were authorised under the Payment Services Regulations 2017

It's generally accepted that Wise has an obligation to follow Mr N's instructions. So in the first instance Mr N is presumed liable for his loss. But that's not the end of the story.

Taking into account the law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider that Wise should:

- have been monitoring accounts and payments made or received to counter various risks, including fraud and scams, money laundering, and the financing of terrorism.
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (amongst other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which financial institutions are generally more familiar with than the average customer.
- in some circumstances, irrespective of the payment channel used, have taken additional steps or made additional checks before processing a payment, or in some cases declined to make a payment altogether, to help protect its customers from the possibility of financial harm.

Mr N fell victim to a known scam. These unfortunately aren't particularly unusual but are invidious in the way those carrying out the scam inveigle themselves into someone's trust.

There's no evidence to show Wise took any action apart from generic scam warnings. I've noted the detailed view our investigator issued. I won't be repeating all the detail particularly the facts around Mr N's use of his Wise account which I'm satisfied to accept after reviewing the evidence.

I note what Wise has stated in response to our investigator, but I believe I can hold Wise to the standards required to identify unusual payments and take action.

At no stage did Wise intervene or ask Mr N what he was doing. I consider that Wise should have done more to identify the large, and unusual, payments Mr N was making particularly by the time he made the third payment on the day of £5,000. And if they'd done so, I believe this would have meant Mr N would have become aware he was the victim of a scam.

I can't be sure that if Wise had intervened, Mr N would have listened to their warnings, but I've seen nothing which would indicate that he wouldn't. I think there's a high likelihood Mr N would have told Wise who he'd received a call from, and Wise could have confirmed this was a fraud. This would have stopped the further two payments.

Putting things right

I'm going to be asking Wise to refund Mr N's losses from the time I believe they should have intervened. This amounts to £8,989. 8% simple interest a year will also need to be added to this amount from the date of Mr N's loss.

My final decision

For the reasons given, my final decision is to instruct Wise Payments Limited, trading as

Wise, to:

- refund £8,989 to Mr N; and
- add 8% simple interest from 11 January 2023 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 17 January 2024.

Sandra Quinn
Ombudsman