

## The complaint

Mrs K, via a representative, complains that Wise Payments Limited (“Wise”) have failed to refund the money she lost as part of a scam.

## What happened

The details of this complaint are well known to both parties, so I will not repeat everything again here. Instead, I will focus on giving the reasons for my decision.

In summary though, Mrs K saw an advert on a social media site by a company that I will call B. B said that it would pay Mrs K to complete tasks online.

B then persuaded Mrs K to send funds to a crypto exchange via debit card payment. These funds were then used to purchase crypto currencies which were then sent on to B. The funds were used to purchase ‘packages of tasks’ that she could complete in return for payments from B.

Mrs K sent over £25,000 to B between 19 January 2023 and 28 January 2023 from her Wise account via debit card.

The funds were sent to her Wise account from two other bank’s that I will call C and D.

When Mrs K attempted to withdraw the ‘profit’ that she could see on B’s ‘Platform’, she was told that she had to pay additional fees. At this point Mrs K realised that she had been scammed.

Mrs K asked Wise to refund these payments, as she believes Wise should have done more to prevent her from being scammed. Wise did not agree with this.

I issued a provisional decision on 1 July 2024 in which I said the following;

*“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 conclusions reached by the investigator for the following reasons.*

*It isn’t in dispute that Mrs K authorised the disputed payments she made from her Wise account. The payments were requested by her using her legitimate security credentials provided by Wise. And the starting position is that Wise ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.*

*However, I’ve considered whether Wise should have done more to prevent Mrs K from falling victim to the scam, as there are some situations in which it should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character.*

*In this case, it is clear that Wise should have intervened and asked questions about what Mrs K was making these payments for. This is because of the size of the payments and the pattern was unusual for Mrs K's account and was indicative of a scam. That said though I need to consider whether this would likely have stopped the scam.*

*Having considered everything I don't think that it would have. Let me explain why.*

*Mrs K's payments were stopped by C and D and there were calls between her and both of these banks.*

*In one specific call with C, which we have the transcript of, Mrs K was asked a number of questions in which she gave misleading answers as to what she was doing. These included;*

*That the reason she was transferring the funds was because she had moved house and was buying furniture. When in fact she was sending money to Wise in order to send it to B.*

*Mrs K confirmed that she had not been contacted by a third party to make the transfers. When in fact she was making the payments on the instructions of a third party, in this case B.*

*My understanding is that Mrs K also had a conversation with D about sending funds to Wise and on balance (as we don't have the call), I don't think that Mrs K told D what she was transferring funds for. I say this because, had she told D she was sending funds to Wise in order to transfer it to a crypto exchange to pay for an online 'job', I don't think the transfers would have been successful.*

*So given the answers that Mrs K gave to C and likely gave to D, I believe Mrs K would have done the same had Wise intervened and this would not have stopped the scam.*

*So overall, I think that Wise did not intervene appropriately. But even if it had intervened, I don't think the scam would have been stopped.*

*I've also thought about whether Wise could have done more to recover the funds after Mrs K reported the fraud.*

*Wise are under no obligation to refund the money to Mrs K under the Contingent Reimbursement Model (CRM) Code as they are not signatories of this code. Also, the Code does not apply to transfers which the payer has effectively made to themselves. I see that Wise did manage to recover some of the funds. But given the timescales involved, I don't think it needed to do anything more. So I don't think that Wise could have recovered the funds."*

Wise did not respond to my provisional decision. Mrs K's representative responded and said in summary that Wise should have intervened and asked a series of open-ended questions and had it done so it would have discovered that Mrs K was being scammed and this therefore would have stopped the scam. It said that an intervention from Mrs K's other account providers does not abrogate the responsibility of Wise intervening.

It also quoted the FCA consumer duty and said that Wise breached its guidelines.

### **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 should initially say that for the most part I have already addressed the points that Mrs K's representative raised in response to my provisional decision. But I will address them briefly again here. I agree that Wise should have intervened and that any intervention from other businesses does not change that. In saying that, I still need to consider if any intervention from Wise would have stopped the scam.

It is possible that had Wise intervened and asked Mrs K a series of open-ended questions then the scam would have been stopped. But I don't think that this is the most likely thing that would have occurred given that Mrs K deliberately gave misleading answers to C. From the available evidence, I think that Mrs K would have done the same to Wise and had this occurred and I find it unlikely that the scam would have been stopped.

In relation to recovering the funds I have explained why the CRM does not apply to Mrs K's circumstances. I should also add that I don't think that a chargeback would have been successful either as the payments were made to send funds to a crypto exchange and this was duly done. So essentially Mrs K got what she paid for.

Finally In relation to the consumer duty that only applies to acts or omissions that occur after 31 July 2023.

So overall I do not uphold this complaint as I don't think that Wise could have stopped the scam and also for the reasons I've outlined above I don't think that Wise could have recovered the funds via any other means.

### **My final decision**

For the reasons given above, I do not uphold this complaint.

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

Charlie Newton  
**Ombudsman**