

The complaint

Miss D complains that Wise Payments Limited won't refund money she lost when she was a victim of a scam.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In 2023 Miss D was contacted by a person, on an instant messenger application, offering her a job opportunity. It involved completing sets of 32 tasks relating to 'movie promotion' and required the deposit of funds – which Miss D was told she'd be able to later withdraw alongside her 'profits'. Miss D made the following payments as part of the scam:

Date	Transaction type	Payee	Amount
31 August 2023	Fund transfer	'B'	£50
1 September 2023	Fund transfer	'M'	£100
1 September 2023	Fund transfer	'M'	£40
2 September 2023	Fund transfer	'A'	£150
2 September 2023	Fund transfer	'A'	£78
2 September 2023	Fund transfer	'A'	£36
3 September 2023	Fund transfer	'P'	£241.56
3 September 2023	Fund transfer	'K'	£250
3 September 2023	Fund transfer	'K'	£250
3 September 2023	Fund transfer	'K'	£568
3 September 2023	Fund transfer	'H'	£1,239
3 September 2023	Fund transfer	'H'	£3,528
3 September 2023	Fund transfer	'H'	£2,668
Total			£9,198.56

I understand Miss D received the following credits from the scam:

Date	Amount
31 August 2023	£24
31 August 2023	£100
1 September 2023	£224
1 September 2023	£417
Total	£765

This therefore would put Miss D's total loss as £8,433.56.

Miss D sent £10,560 to her Wise account from her other banking provider on 3 September 2023 (after the above payments). Wise paused this transaction for verification purposes and requested more details about it. After Miss D confirmed that she was transferring money to herself, Wise resumed the payment and credited it to her account.

Miss D attempted to make a £4,000 transaction on 7 September 2023 as part of the scam. Wise requested additional information from Miss D about the payment but it wasn't received. The payment was then cancelled by Miss D, and she attempted a £3,566 transaction the same day. Following a review, Wise cancelled this transaction and deactivated Miss D's account. The account balance was then refunded to Miss D on 12 September 2023.

Miss D subsequently notified Wise of the scam, with a complaint raised. Wise didn't uphold it. They, in short, said:

- They didn't know the transfers were in relation to a scam until after the money was received and withdrawn by the scammer(s).
- They simply followed the information they received and had no reason to believe the transfers weren't legitimate at the time. And they've since taken steps to prevent the scammer(s) using their service in the future.
- Unfortunately, no funds remained and so their recovery attempts were unsuccessful.
- The prospect of paying for a job is not normal industry practice. This should've raised suspicions and they believe Miss D should've done due diligence – such as a simple internet search or reading their 'educating against scams' resources.
- They showed Miss D multiple scam warnings, but she chose to proceed with the payments.
- Section 29.1 of the customer agreement states that Wise cannot be made liable for circumstances beyond their control, such as when a loss occurs as a result of fraudulent behaviour on behalf of the recipient after a payment has been made to them.
- They completed the transfer orders as directed and fulfilled their contractual obligations.

Miss D's complaint was referred to the Financial Ombudsman. Our Investigator didn't however think Wise had to do anything further. He said Wise provided scam warnings to Miss D on seven occasions and asked her to confirm their payment purpose. Although there was an option for Miss D to select 'Paying to earn money by working online', she instead chose to select 'Sending money to friends and family'. Unfortunately, while under the guidance of the scammer, by selecting this incorrect option Wise were not able to establish she was falling victim to a scam.

Miss D asked for her complaint to be reviewed by an Ombudsman. She added that while she was given pop-up windows asking if it was a scam, she was receiving forceful messages from the scammer telling her to select 'family and friends'. And so, she selected this option as she felt deeply threatened at the time – and surely Wise are aware these aren't kind people.

The matter has been passed to me to decide.

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'm sorry Miss D has been the victim of a scam and I don't underestimate the impact this has had on her. But while I'm sympathetic to Miss D's circumstances, I must consider whether Wise is responsible for the loss she has suffered. I know this won't be the outcome Miss D is

hoping for but, for similar reasons as our Investigator, I don't think they are. And so, I don't think Wise has acted unfairly by not refunding the payments. I'll explain why.

I've thought about the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following scams like this one. But as Wise isn't a signatory of the CRM code, these payments aren't covered under it. I've therefore considered whether it would otherwise be fair and reasonable for Wise to reimburse Miss D.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Miss D knowingly made the payments from her account – albeit under the direction of the scammer – and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Wise are expected to process Miss D's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Wise to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Here, as part of the transfer process for seven of the payments, Wise warned Miss D that it could be a scam and asked her to tell them what the transfer(s) was for so they could provide advice. On the instruction of the scammer, Miss D selected 'Sending money to friends and family' as the purpose of the payments – which, naturally, generated scam warnings associated with that type of risk, and so it wasn't particularly relevant to Miss D's circumstances. This, however, was of no fault of Wise's as they wouldn't have been able to identify from the payees that the payments were for other purposes.

There was however the option - 'Paying to earn money by working online' - available for Miss D to select that would've more accurately described the purpose of the payments. Had Miss D selected this option it would've given Wise a better understanding of the payments – thereby allowing them to provide her a more tailored scam warning. It also could've helped them identify whether they ought to have taken additional steps to try and protect Miss D from a scam.

I appreciate Miss D has said that she was receiving forceful messages and felt threatened by the scammer at the time. I don't doubt Miss D's feelings in this respect, as I accept she was under the influence of the scammer at the time and believed the job opportunity to be genuine. But I can't fairly hold Wise responsible for incorrect payment purposes being selected. And unfortunately, due to Miss D selecting inaccurate payment reasons, Wise were prevented from knowing the true purpose of the payments. It follows that I don't think Wise acted unreasonably by providing the scam warnings they did.

I've thought about whether Wise ought to have taken further steps beyond providing the warnings they did. When considering this, I've kept in mind that EMIs process high volumes of transactions each day. And that there is a balance for Wise to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

Here, Miss D had opened her Wise account a few months prior to the scam and sent relatively small sums to several different payees. And so, I don't think the scam payments being sent to various newly added payees was particularly out of character based on Miss D's typical account usage. The payments, although collectively for a relatively high amount, were individually quite low value – albeit, arguably, the final two were of an increased value. That said, given Miss D gave the reason for the payments as being for

friends and family, I don't think this would've necessarily stood out to Wise as being unusual account activity. Instead, it would've appeared as genuine account activity – as it's not uncommon for customers to legitimately send money to friends and family.

And although the scam payments were within a relatively short period of time, I don't think they were so unusual or suspicious whereby I would've expected Wise to have been concerned that Miss D was at significant risk of financial harm from fraud. Because of this, I wouldn't have expected Wise to have carried out additional checks before processing them. I'm satisfied the online scam warnings Wise presented – based on the payment purpose Miss D provided – was appropriate and proportionate to the risk identifiable to them at the time.

I've considered whether, on being alerted to the scam, Wise could reasonably have done anything more to recover Miss D's losses, but I don't think they could. This is because Wise has shown that the funds were removed from the payees' accounts before the scam was reported by Miss D. And so, although Wise did attempt to recover funds as I'd expect in the circumstances, there was no funds remaining for them to recover at the point they became aware Miss D had been scammed.

I have a great deal of sympathy for Miss D and the loss she's suffered, as I appreciate it is a significant sum of money to her. But it would only be fair for me to direct Wise to refund her loss if I thought they were responsible – and I'm not persuaded that this was the case. For the above reasons, I think Wise has acted fairly and so I'm not going to tell them to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 29 April 2025.

Daniel O'Dell
Ombudsman