

## **The complaint**

X complains that Wise Payments Limited (Wise) have failed to refund money she lost as part of a scam.

## **What happened**

At a very difficult time in her life X was contacted on a messaging platform by someone offering her work. She was told she would need to pay deposits in order to then complete tasks which would earn her income. Once all the tasks were completed X would get back the money she'd spent plus her profits. Unknown to X, this was actually a scam.

As the scam progressed X was repeatedly told that she had to make further deposits in order to withdraw her money. Over the course of one day X made five payments from her Wise account to different individuals as part of the scam. When X tried to make a sixth payment, Wise blocked it, and a couple of days later X contacted Wise to let it know that she had been a victim of a scam.

Ultimately, Wise did not agree it was responsible for X's loss. It said it processed the transfers as requested. In its submission to us Wise also noted that it had provided warnings to X, but that she had not given an accurate reason for the payments so those warnings could not have been effective. It did though acknowledge that it could have given warnings for more of the payments, and so offered to refund the first payment X made as a result of the scam – for £200.

X was unhappy with Wise's response and so she referred her complaint to our service. One of our Investigators looked into what had happened, but did not feel that we could reasonably ask Wise to refund the payments X made.

X did not agree, so as no agreement could be reached, this case has been passed to me for a 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 conclusions reached by the Investigator, and for largely the same reasons.

It's not been disputed that X has been the victim of a cruel scam. What is in dispute is whether Wise should refund the money X lost.

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.

It's not in dispute here that X authorised the payments as she believed they were part of a legitimate job. So, while I recognise that X didn't intend the money to go to scammers, the starting position in law is that Wise was obliged to follow X's instruction and process the payments. Because of this, X is not automatically entitled to a refund.

However, 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 X's account safe.

The initial three payments X made – for £200, £204, and £543 - were relatively small amounts, and were broadly in line with how X generally used her Wise account. So I don't think they should have been flagged as unusual by Wise. The fourth and fifth payments were for higher amounts, and arguably these last two payments were somewhat unusual given the usual activity on X's account. However, it appears that both of these later payments (and one of the earlier payments) did trigger some intervention from Wise. It's just a question of whether Wise went far enough in all the circumstances with that intervention.

For each of the flagged payments X was asked what the purpose of the payment was, she selected 'friends and family' apparently on the instruction of the scammer. So given what it had been told the purpose of these payments was, Wise provided X with a tailored warning, explaining some of the common features of scams relevant to that type of payment purpose.

I must bear in mind here that Wise's actions were being guided by the answers X gave. And I don't think it's unreasonable that X took her answers regarding the purpose of the payments at face value. So I think the tailored warnings provided were reasonable and proportionate at this stage of the scam, as they were based on the information available to Wise and provided by X. It follows that I don't think that Wise missed an opportunity to reveal the scam here. And Wise did then take more direct action when X attempted to make a sixth payment, at which stage the scam did ultimately come to light. Overall, I'm satisfied that the steps Wise took to intervene were reasonable and proportionate given the payments X was making. It follows that I don't think it would therefore be reasonable to hold Wise responsible for X's loss or to ask it to refund any of the payments in dispute.

I've also thought about whether Wise could have done more to recover the funds after X reported the fraud, as in some circumstances the money can be recovered. However, we have seen evidence that the funds were moved on from the recipient accounts (which were also with Wise) before X reported the fraud. So I don't consider that Wise could have done more to recover the money that X has lost.

Wise has offered to refund the first payment X made – for £200 – as it feels it could have also provided a warning for that payment. I don't though consider that any warning at that stage would be likely to have prevented the scam, given X's actions when she received the later warnings. X should contact Wise directly if she now wishes to accept this offer.

I appreciate this will likely come as a disappointment to X, and I'm sorry to hear she has

been the victim of a cruel scam at what is clearly a very difficult time in her life. However, I'm not persuaded that Wise can fairly or reasonably be held liable for her loss in these circumstances.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 14 March 2024.

Sophie Mitchell  
**Ombudsman**