

The complaint

Mr H complains that Wise Payments Limited won't refund money he lost as a result of a scam.

What happened

Mr H was looking for work and was approached by an individual via instant messaging claiming to offer a commission based role, whereby Mr H would need to complete a set number of 'tasks' to receive the commission. Unfortunately unknown to Mr H, the job offer was in fact a scam.

Mr H was advised he needed to set up a Wise account and that in order to access the relevant 'tasks', he first needed to deposit funds to his employers. However, each time Mr H made a deposit, the goal post on the number of tasks he needed to complete in order to unlock his commission changed and he was asked to make further deposits. Over the course of the scam, Mr H made the following deposits:

Date	Payment value
23 November 2022	£3,041.46
23 November 2022	£5,052.06
28 November 2022	£3,442.80

After making the third payment, the fraudsters continued to request further funds and apply increasing pressure to Mr H. At this point Mr H realised he'd been the victim of a scam and contacted Wise on 23 December 2022 to raise a claim. Wise reviewed Mr H's claim, but didn't consider there were any reasonable indications that the payments Mr H made may be a scam, so didn't consider it was liable to refund Mr H.

Mr H, through a representative, referred the matter to our service. He argued that the payment values were significant enough to have triggered Wise to intervene before allowing them to be processed.

The matter was referred to our service but one of our investigators didn't uphold the complaint. They didn't think Wise was required to intervene on the payments, based on the account being new and Wise therefore having no information on what 'usual' activity for Mr H was.

Mr H's representatives disagreed. They considered that as Mr H sent over £8,000 in one day to the fraudsters, this was significant enough to trigger Wise's fraud prevention systems, even without a prior knowledge of Mr H's account activity.

As no agreement could be reached, the case has been passed to me for a final 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.

There's no dispute that Mr H authorised these transactions and that means that under the Payment Services Regulations 2017 and the terms of his account he is presumed liable for the loss in the first instance.

However, taking into account regulators rules and guidance and what I consider to have been good industry practice at the time, I consider Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- 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 (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases decline to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

Mr H opened his account with Wise the day before the scam payments began. When opening the account, Wise requested the purpose for the account opening, which Mr H confirmed was for 'sending money to friends or family'. The only prior activity on Mr H's accounts were debits received from Mr H's own external accounts. All three scam payments Mr H made were to different personal accounts, all held with Wise and all of which Wise has confirmed it had received no adverse information about at the time Mr H made the transfers.

As Wise held no prior information on Mr H's spending activity, and as he was making payments to personal accounts which appeared in line with the account opening intended purpose, I don't think the payments were so unusual that they ought to have triggered any intervention on Wise's part. I think this is further supported by Wise also holding the beneficiary accounts for all three payments and having no adverse information held on these accounts.

I can see Mr H's point that the second payment posed a higher risk of fraud, being the second payment that day and increasing Mr H's spending to around £8,000, but again I think without any prior account activity to rely on, and as these payments were to different payees that day, I don't think the fraud risk was as notable. Even if I were to consider that Wise ought to have done more, I don't think a *proportionate* intervention, such as a written warning broadly covering scams, would've made a difference here. I say this because, based on the information known to Wise (that these were payments to personal accounts and that Mr H had selected 'family and friends' as his reason for opening the account), I don't think any general warning Wise may have provided would've been specific enough to this particular scam for it have impacted Mr H's decision making when making these payments.

I've also looked at Wise's attempts to recover Mr H's funds. Unfortunately, as mentioned, there was around a month between Mr H making payments towards the scam and a claim being raised. While Wise attempted to recover Mr H's funds upon being alerted to the scam, it has confirmed that unfortunately, no funds remained.

I understand that at the time Mr H made these payments, he was going through a difficult time personally. I don't doubt this has been an extremely difficult time for Mr H and I'm sorry to hear of his personal circumstances. However as Wise were unaware of any vulnerabilities Mr H had when processing these payments, I can't conclude that this leads to any liability on Wise's part.

Overall, while I'm sorry to disappoint Mr H, I haven't concluded that Wise acted unreasonably when processing these payments and it therefore follows that I don't hold it liable for reimbursing Mr H's losses.

My final decision

My final decision is that I don't uphold Mr H's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 27 March 2024.

Kirsty Upton
Ombudsman