

The complaint

Mr I complains that Wise Payments Limited ("Wise"), have failed to refund money that he lost as part of a scam.

What happened

Mr I bought some cosmetic items online from a company that I will call B. After he made the initial payment for the items (payments 1 and 2 below) he was told that he had to pay a number of additional payments for various taxes, custom checks and covid tests.

Then he seems to have been told that there was a court case and if he paid further fees he would receive his money back plus €34,500 for damages.

The payments Mr I made from his Wise account were as follows;

Transaction Number	Date	Amount	Type of payment
1	29 March 2023	£106.15	Transfer
2	29 March 2023	£2,295.70	Transfer
3	11 May 2023	£1,621.37	Transfer
4	19 May 2023	£1,450.91	Transfer
5	25 May 2023	£2,374.84	Transfer
6	31 May 2023	£1,933.41	Transfer
7	4 June 2023	£2,140.90	Transfer
8	16 June 2023	£3,029.23	Transfer
9	30 June 2023	£2,444.63	Transfer
10	12 July 2023	£2,085.76	Transfer
11	26 July 2023	£3,040.00	Transfer
12	26 July 2023	£1,429.70	Transfer

Mr I did not receive either the cosmetic items or his funds back from B.

Mr I raised a complaint with Wise as he believed that it should have stopped him from making the payments in question.

One of our investigators looked into this matter and they decided that the payments were not indicative of a scam and therefore should not have been stopped by Wise. He also did not think that the funds could be recovered via other means. He therefore did not uphold this complaint.

Mr I did not agree with the investigator's conclusions. So his complaint has been passed to me to issue 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.

Having done so, I agree with the conclusions reached by the investigator for the following reasons.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. Wise is, not a bank or a building society. EMIs are generally set up with the purpose of sending and receiving money. And often that will be for larger sums.

But, taking into account relevant law, regulators' rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in March 2023 that Wise should:

- have been monitoring accounts and any payments made or received to counter various risks, including 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).

In this instance, the transactions were not, in isolation, large enough to be considered unusual or sufficiently out of character to have prompted an intervention from Wise. And the pattern of spending was not sufficiently indicative of a scam either. The transactions were spaced out and were also not to a company linked with crypto. The account had also not really been used regularly before. So Wise did not have a full transaction history to compare the scam payments to, to understand whether the payments were unusual for Mr I.

So, having considered the payments Mr I made, I'm not persuaded there was anything that ought reasonably to have triggered Wise's fraud monitoring systems, or that would have indicated he was in the process of being scammed. I therefore do not consider there to have been any obligation on Wise to have intervened or to have provided a scam warning to Mr I for the above payments. Given this, I do not think that it could have uncovered and prevented the scam.

I've also thought about whether Wise did enough to attempt to recover the money Mr I lost. In this instance, the payments would not be covered by the Contingent Reimbursement Model ("CRM"), as Wise are not part of that scheme. Also, I don't think it could have recovered the funds from the accounts they were sent to because of the time that had elapsed between the transactions and when the scam was reported.

I appreciate this will likely come as a disappointment to Mr I, and I'm sorry to hear he has been the victim of a cruel scam. However, I'm not persuaded that Wise can fairly or reasonably be held liable for his loss in these circumstances.

My final decision

My final decision is that do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 18 December 2024.

Charlie Newton
Ombudsman