

The complaint

Miss H complains that Wise Payments Limited won't refund money she lost when she was the victim of a scam. She's also unhappy with the way Wise communicated with her about its attempts to recover her money.

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 August 2021 Miss H was looking for accommodation in France. She's explained that she found the details of a property through a legitimate website recommended by her university. To secure the property, Miss H made the following payment, via transfer into Euros, from a newly opened account with Wise to an individual based in France:

Date	Amount
20 August 2021	£818.78 (950 Euros)

Wise didn't flag the payment as suspicious.

On 1 September 2021 Miss H contacted Wise to say she'd been scammed. Wise asked Miss H for more information; and on 3 September 2021 it contacted the beneficiary bank to ask if any funds remained. Wise let Miss H know that it was trying to recover the funds. It said:

'Thanks for sending over that document. I've sent it to our relevant team — we'll let you know if we manage to recover any money back.'

Wise added that:

'... but we can't guarantee this. We'll follow up with you, but only if we manage to get any of that money back.'

On 7 September 2021 Wise said:

'We will contact you ourselves if we have any update on the recall. We will try to do everything on our side but we cannot promise that the recovery process will be successful'.

On 21 September 2021 Wise said:

'As mentioned previously, we cannot provide you with any updates in regards to our recovery process. We'll follow up with you, but only if we manage to get any of that money back. Recovery process is often long as beneficiary bank has to conduct their own investigation, and we cannot guarantee the success as it depends on beneficiary banks cooperation'.

Miss H asked Wise for an update in November 2021 and January 2022, and it confirmed it hadn't received a response from the beneficiary bank. Wise reiterated that it would contact Miss H if there was an update.

Wise chased the beneficiary bank for updates in September, October and December 2021. On 11 January 2022 Wise recorded the recovery attempt as:

'No reply, considering failed'.

Miss H contacted Wise again in July 2022 for an update. And in September and November 2023 she contacted Wise asking that the case be looked at again and to be awarded compensation. Wise said it would action this.

In December 2023 Miss H made a complaint to Wise. She said she'd not received an acceptable level of service; nor had she received a conclusive response to whether her money had been recovered.

Wise partly upheld Miss H's complaint. In short, it said it had been Miss H's obligation to check the payee was legitimate; and that once the funds left Miss H's account they were no longer under Wise's control. Wise said it had attempted to recover the funds, but this had been unsuccessful.

In terms of its communication with Miss H, Wise said it had been consistently clear with her that it would only contact her in the event the funds had been recovered. And as recovery had been unsuccessful, Wise didn't think it had done anything wrong here.

Wise accepted it had misadvised Miss H when she made contact in 2023 asking for the matter to be looked at again. Wise said it should've said this wasn't possible rather than suggesting it was. Wise apologised and offered Miss H £50 for the distress and inconvenience caused.

Miss H referred her complaint to the Financial Ombudsman. She maintained that Wise had poorly communicated with her about its attempts to recover her funds; and that it had taken over two years for Wise to tell her the funds couldn't be recovered.

Miss H said she'd received conflicting and contradictory information from Wise about whether her money could be recovered, and she didn't accept its offer of £50 compensation. Because of Wise's poor handling, she wanted the £818.78 returned to her.

One of our Investigators considered the complaint and initially upheld it. She didn't think Wise should've intervened in the payment given its size and lack of payment history. But because Wise had been unable to evidence its attempts to recover the funds once Miss H alerted it to the scam, our Investigator said Wise should refund the £818.78 plus 8% interest, together with the £50 compensation offered previously.

Miss H was happy with this outcome. But Wise didn't agree and provided information on its attempts to recover the funds. On considering Wise's evidence, our Investigator decided the complaint shouldn't be upheld. She thought Wise should've contacted the beneficiary bank as soon as it was alerted to the scam (1 September 2021) rather than waiting until 3 September 2021. But given the lack of response from the beneficiary bank, she didn't think this would've made a difference to the likelihood of funds being recovered.

Miss H doesn't agree and has asked for a final decision. She said if Wise had contacted the beneficiary bank on 1 September 2021, then there was a possibility the funds would've been recoverable.

Miss H said Wise should've let her know in January 2022 that the recovery attempts had failed – rather than suggesting in correspondence after this date that recovery was still an option. She said Wise had '*left her in the dark*' which caused her much stress and confusion.

On that basis, Miss H wanted Wise to refund the £818.78 plus interest. And she said she would only accept the £50 compensation payment in addition to this.

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 H has been the victim of a scam and I don't underestimate the impact this has had on her. But I must consider whether Wise is responsible for the loss she has suffered. And while I realise this isn't the outcome Miss H is hoping for, for similar reasons as our Investigator, I don't think it is. I therefore don't think Wise has acted unfairly by not refunding the £818.78 payment. I'll explain why.

It isn't in dispute that Miss H authorised the £818.78 payment. And, under the Payment Services Regulations 2017 and the terms of her account, Wise are expected to process the payment and Miss H 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.

So, the starting point here is whether the instruction given by Miss H to Wise was unusual enough to have expected additional checks being carried out before the payment was processed.

The Wise account was newly opened and so there wasn't any historical spending to have allowed Wise to assess whether the scam payment transaction was unusual or out of character for Miss H. I've therefore thought about whether the payment itself, without any typical account usage available, was suspicious enough to have prompted Wise to consider Miss H was at risk of financial harm from fraud.

Neither Wise nor Miss H have suggested the payment should've flagged as suspicious. Miss H has told us she specifically set up the Wise account to make the transfer (allowing her to convert the funds to Euros). This is a commonly used feature of Wise accounts – with payments being made internationally and converted into the respective currency. The amount was also not of a significantly high value in general banking terms to have alerted Wise to the possibility of a scam. And so, taking these points into account, I don't think there was anything suspicious or unusual about the £818.78 payment that should've caused any concern to Wise or for it to suspect that Miss H was at risk of financial harm. And so, I don't think Wise could've reasonably prevented Miss H's loss.

The main point in issue here is whether, on being alerted to the scam, Wise could reasonably have done more to recover Miss H's loss. I agree with our Investigator, and

Miss H, that Wise should've contacted the beneficiary bank on 1 September 2021 – as soon as Miss H alerted it to the scam. But I don't agree that this would've likely resulted in the funds being recovered. I'll explain why.

Firstly, the payment was made on 20 August 2021 – more than 10 days before any recovery attempt could've been made. And from our experience, it's ordinarily likely that funds obtained as part of a scam are quickly removed from the beneficiary account upon arrival.

Secondly, the payment was made to a bank account in France. International beneficiary banks can often be very unresponsive, but I can see from information provided by Wise that it made reasonable attempts to try and recover Miss H's funds; and so, it would be unfair to hold Wise responsible for the beneficiary bank not responding.

Overall, whilst I think Wise should've contacted the beneficiary bank sooner – I think it's unlikely, on balance, that the beneficiary bank would've responded confirming that any funds remained. And so, I don't think it would be reasonable to expect Wise to refund the £818.78 payment to Miss H.

I've thought next about the level of service Miss H received from Wise. When considering what a business should do to put things right, it's not my role to punish it – instead I look at the direct impact its shortcomings have had on a customer.

As I've discussed above; I don't think mistakes by Wise have directly resulted in Miss H being unable to recover the lost funds. And so, it follows that I don't agree with Miss H that Wise should reimburse her the £818.78 plus interest.

In terms of its communication about the recovery attempts, I can see from the correspondence that Wise did let Miss H know it was attempting recovery and was consistently clear with her that it would *only* contact her if recovery was successful. I appreciate that Miss H was keen to find out whether any funds remained; and was frustrated at the lack of updates from Wise, but I don't think Wise has done anything wrong here and has acted in accordance with what it said it would do.

Wise accepts that when Miss H contacted it in September and November 2023 it wrongly told her the case would be looked at again. Wise has apologised for this and offered Miss H £50. I can accept Miss H's point that when she communicated with Wise *after* it was decided the recovery had failed (11 January 2022), it might've been helpful if Wise had conveyed that to Miss H. But I don't think Wise did anything fundamentally wrong here. As I've mentioned above, Wise had been very clear that it would *only* contact Miss H *if* money was recovered. And so, I don't think Miss H's frustration here was as a direct result of a shortcoming by Wise.

In taking all of this into account, I consider the apology and £50 Wise has offered to pay Miss H to be a fair and reasonable level of compensation; and in line with what I'd have awarded had Wise not made an offer.

I have a great deal of sympathy for Miss H and the loss she's suffered. But it would only be fair for me to direct Wise to refund her loss if I thought it was 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 it to do anything further.

If Miss H wishes to now accept the £50 Wise offered her as compensation, then she should contact Wise direct.

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 H to accept or reject my decision **before 10 May 2024**.

Anna Jackson
Ombudsman