

The complaint

Mrs I complains that Wise Payments Limited did not complete a payment to a family member. She says too that Wise did not do enough to help her when the payment was blocked.

What happened

In July 2022 Mrs I instructed Wise to make a payment of a little over US\$3,000 to a family member who lives outside the UK. A short while later Wise contacted Mrs I to say that it had not been able to complete the transfer, because it had been held by the US Office of Foreign Assets Control (OFAC) as a result of sanctions against Russia. Mrs I said she was unsure why OFAC would have held the funds, as her relative's account was not in Russia.

Wise indicated that Mrs I would need to apply to OFAC to have the funds released. She contacted OFAC and made two applications, but it could not locate the funds and referred her back to Wise. In the meantime, Mrs I complained to Wise and referred the matter to this service.

Wise responded to say that it had been obliged to report the payment and that OFAC's decision to block it had been outside its control. It noted that its account terms said that it could not be held liable for matters over which it had no control. And those terms also explained that verification checks might increase the time it would take to complete payments. Wise also said that it had contacted its correspondent bank when OFAC said it was unable to trace the funds.

Wise did however acknowledge that it could have provided more information about the transfer to Mrs I, and that this might have helped it to trace the money and provide the necessary licence to release it. It offered Mrs I £150 to resolve the matter – although it would still be necessary for Mrs I to deal with OFAC.

Our investigator was broadly in agreement with Wise, in that she agreed that the block on the payment was outside its control. It was not responsible for the block or for the difficulty in tracing the funds. She said however that Wise's offer of £150 was insufficient and recommended that it be increased to £200. Wise agreed to that recommendation, but Mrs I asked that an ombudsman review the case.

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.

International payments will very often pass through several banks before reaching their destination. In this case, it appears that payment would have been routed through two US banks, as well as one in Russia – before the funds were transferred to the final beneficiary bank. That is why OFAC became involved.

I agree that Wise could not have avoided OFAC's involvement, which was beyond its control. And I do not believe, as Mrs I has suggested, that it should have cautioned her against making the transfer.

I do accept however that Wise could have done more to assist Mrs I (and therefore OFAC) in tracing the funds so that the licence application could be processed. That might have speeded up the process, but, even if it didn't, I think it would have given Mrs I some reassurance that she was providing OFAC with as much information as possible.

Putting things right

I agree with the investigator that £200 is an appropriate level of compensation in this case. Wise accepted the investigator's recommendation, but I am making a formal award, so that Mrs I can enforce it, should she need to do so.

My final decision

For these reasons, my final decision is that, to resolve this matter in full, Wise Payments Limited should pay Mrs I £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs I to accept or reject my decision before 30 April 2024.

Mike Ingram
Ombudsman