

The complaint

Miss C complains that Wise Payments Limited (Wise) is refusing to refund her the full amount she lost as the result of a scam.

Miss C is being represented by a third party. To keep things simple, I will refer to Miss C throughout my decision.

What happened

The background of this complaint is known to all parties, so I won't repeat what happened in detail.

When Miss C first brought her complaint to our service, she explained she was contacted via WhatsApp and offered a job that included her making payments. This later turned out to be a scam.

However, Wise tells us that when Miss C discussed the scam with it, she explained she had been cold called by an individual posing as her landlord asking for rent payments.

In any event Miss C made the following payments in relation to the scam from her Wise account:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
19 December 2023	Individual's Account	Transfer	£700.00
21 December 2023	Individual's Account	Transfer	£1,000.00
21 December 2023	Individual's Account	Transfer	£200.00
23 December 2023	Individual's Account	Transfer	£1,080.00

Wise refunded 50% of the amount Miss C lost to the scam and paid her a further £50 compensation due to the quality of the communication she received.

Our Investigator considered Miss C's complaint and thought that the amount offered by Wise was reasonable. So, they didn't think the complaint should be upheld. Miss C disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Miss C has fallen victim to a cruel scam. What is in dispute is whether Wise should refund all the money Miss C lost due to the scam.

Recovering the payments Miss C made

Miss C made payments into the scam via the method of transfer. When payments are made by this method Wise has limited options available to it to recover the payments. Wise could

ask the receiving bank to refund any funds that remain in the payee's account but considering Miss C complained about the payments on 27 December 2023 several days after the payments were made, I think it's unlikely any funds would be recovered.

Should Wise have reasonably prevented the payments Miss C made?

It has been accepted that Miss C authorised the payments that were made from her account with Wise, albeit on the scammer's instruction. So, the starting point here is that Miss C is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Wise should have been aware of the scam and intervened. And if it had intervened, would it have been able to prevent the scam taking place.

The first three payments Miss C made in relation to the scam were for a relatively low value, so I don't think it's unreasonable that Wise's fraud prevention systems weren't triggered, and that it didn't step in. Wise is therefore not responsible for these payments.

The last payment took Miss C's spend to over £2,000 in one week. Wise has explained that its systems should have picked up on this and a scam warning should have been presented to her. I think this is reasonable.

Wise has taken responsibility for the final payment but says it refunded Miss C 50% of her overall loss in error, and a further £50 compensation. As I don't think Wise is responsible for the first two payments, it has already refunded Miss C more than I think it needed to and it would not be reasonable for me to ask it to do anything more.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss C to accept or reject my decision before 24 May 2024.

Terry Woodham
Ombudsman