

The complaint

Mr A complains that Wise Payments Limited did not refund the £5,300 he lost to a scam.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail here. In summary, Mr A fell victim to a task-based job scam and sent £5,300 from his Wise account to a cryptocurrency wallet in his name before forwarding it to the scammer. When he was asked for more and more money without being able to unlock his full earnings, he realised he had been the victim of a scam.

He raised a scam claim with Wise, but they explained the loss had occurred after he transferred the money out of his Wise account, so they did not agree to refund him. He referred the complaint to our service and our Investigator looked into it. They could see that Wise asked Mr A what the purpose of the payment was, and he selected 'something else' and said it was for 'software purposes', even though he had the option of selecting that he was paying money to earn online. So, they thought Mr A had taken away Wise's ability to provide a tailored warning in the circumstances.

Mr A's representative felt there should have been a manual staff intervention prior to the payment being processed and that this would have revealed the scam. So, they were still seeking a full refund of Mr A's losses.

As an informal agreement could not be reached, the complaint 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.

As the payment was made to an account in Mr A's name, it is not covered by the Lending Standards Board's Contingent Reimbursement Model ("CRM") Code. Having looked at the chat transcripts between Mr A and the scammers, I'm satisfied he has been the victim of a job scam.

When deciding what is fair and reasonable in all the circumstances of a complaint, I have to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

In general, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. A customer will then be responsible for the transactions they have authorised.

It has not been disputed that Mr A authorised the payment of £5,300 as he believed it was

part of a legitimate job opportunity. So, while I understand that Mr A did not intend the money to go to scammers, the starting position in law is that Wise was obliged to follow his instruction and process the payment. As a result, Mr A is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Wise did enough to try to keep Mr A's account safe.

I've reviewed Mr A's statements and I can see he had previously opened his Wise account in January 2022; however, he had not used it until the time of the scam in August 2023. Because of this, there was not much genuine account activity for Wise to compare the scam payment to, so it is difficult for me to agree that it was therefore unusual in character. Mr A's representative has highlighted that the payment was going to a cryptocurrency exchange which pose a higher risk level. While it is arguable that the payee was not a well-known crypto-currency provider, I have considered this argument in the interest of fairness.

In this circumstance, I would expect Wise to provide a tailored crypto warning to Mr A, but I don't agree that they needed to manually intervene in the payment to ask questions. I say this because the value of the payment as well as the lack of previous genuine account activity and the type of account Mr A held mean I don't think the risk level warranted staff intervention. In order to provide a tailored warning, Wise asked Mr A what the purpose of the payment was, and I note one of the options was specifically related to job scams. However, Mr A selected 'other' and then typed in 'software purposes' as the payment reason. Because of this, Wise was unable to provide a tailored warning specific to the scam Mr A found himself the victim of. So, I can't agree that Wise has therefore made an error in the circumstances. And I don't think they therefore need to refund Mr A in the circumstances.

Wise has said that they did not attempt to recover the funds in a timely manner. However, the funds went to an account in Mr A's name before being moved onto the scammer, so there was nothing further Wise could have done to recover the funds in the circumstances.

My final decision

I do not uphold Mr A's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 15 August 2024.

Rebecca Norris
Ombudsman