

## The complaint

Mr Q is being represented by solicitors. He's complaining about Wise Payments Limited because it won't refund money he lost as the result of fraud.

## What happened

Mr Q has an account with Wise. Unfortunately, in August 2023, he became the victim of a cruel job scam. While he was looking for work, he was contacted online by a fraudster claiming to be from a recruitment agency. He was offered a role that required him to complete online 'tasks', which involved writing product reviews. To obtain tasks, Mr Q was required to pay money that would later be returned with commission.

Between 7 and 16 August, Mr Q made the following payments from his Wise account to the fraudster:

Date	Amount (£)
07/08/2023	50.00
08/08/2023	50.00
08/08/2023	38.00
09/08/2023	50.00
09/08/2023	85.00
09/08/2023	60.00
10/08/2023	50.00
10/08/2023	201.00
10/08/2023	447.00
10/08/2023	1,382.00
10/08/2023	4,135.00
11/08/2023	3,000.00
11/08/2023	3,000.00
11/08/2023	3,000.00
12/08/2023	2,388.00
12/08/2023	3,300.00
12/08/2023	3,000.00
12/08/2023	3,601.00
12/08/2023	3,000.00
12/08/2023	2,520.00
13/08/2023	2,000.00
14/08/2023	2,000.00
15/08/2023	2,500.00
15/08/2023	2,500.00
15/08/2023	3,000.00
15/08/2023	3,300.00
15/08/2023	3,306.10
16/08/2023	3,000.00
16/08/2023	3,200.00
16/08/2023	3,293.96

Between 7 and 9 August, Mr Q received returns for the work he'd completed totalling £551. I understand no further payments were received after this.

In response to Mr Q's complaint, Wise accepted it could have done more to stop the payments from the first of £3,000 on 11 August and it refunded half of that and all subsequent payments to his account. Dissatisfied with this outcome, Mr Q referred his complaint to us.

Our investigator didn't recommend the complaint be upheld. He felt Wise had taken appropriate steps to put things right and didn't need to reimburse any more of the lost funds.

Mr Q didn't accept the investigator's assessment and asked for the complaint to be reviewed. His representative didn't provide any further evidence or arguments.

### **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 haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr Q authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr Q.

### ***Payments up to and including those made on 10 August 2023***

Having considered what Wise knew about these transactions at the time it received the payment instructions, I'm not persuaded it ought to have been concerned about them. One of the key features of a Wise account is that it facilitates money transfers, often involving large amounts and sometimes to overseas accounts. Mr Q had held his account since 2015 and, although he didn't use it extensively, I don't think there was anything about his activity

up to 10 August that should have given Wise reason to think he was at risk of financial harm from fraud when he made the payments. So, I can't say it was at fault for processing them in line with his instructions

After the final payment of £4,135 on 10 August, Mr Q attempted to make another payment of £5,000. Wise has told us this was blocked pending a manual fraud check, but Mr Q had cancelled the payment by the time this was completed. I understand Mr Q tried to make the payment again on the same day but those attempts were also blocked and then cancelled by Mr Q.

#### *Payments made from 11 August 2023 onwards*

Having considered what Wise knew about these payments at the time it received the payment instructions, I'm persuaded it ought to have been concerned about them and taken steps to establish what was going on with a view to preventing any potentially fraudulent activity.

Wise has told us it did take some steps to intervene. In addition to blocking payments on 10 August, it says it also sent a generic message warning of possible fraud and asking Mr Q to confirm the reason for the payment on 18 occasions. It says he was presented with a list of options and that each time he said he was paying for goods and services. It says one of the other options was '*paying to earn money by working online*', but this option wasn't selected, meaning a further tailored warning about job scams wasn't triggered.

This notwithstanding, Wise has accepted it could have done more to try and prevent these payments and has refunded half of the money that was lost.

I've thought very carefully about what sort of further intervention Wise should have carried out and the effect this might have had. But, on balance, it's my view that Mr Q would likely still have wanted to go ahead with the payments whatever type of intervention took place. It's also not clear that Mr Q would have told Wise what it needed to know if he had been contacted about the payments. I say this for the following reasons:

- According to his representative, he was under the spell of the fraudster and the returns he received initially had reassured him this was a genuine opportunity. In addition to being convinced by the company's website, social media accounts and online reviews, he also spoke to the fraudster on daily basis, establishing a rapport and gaining trust through this process.
- When the payment of £5,000 on 10 August was blocked, the chat history provided records that Mr Q said this was probably because Wise suspected fraud. Instead of stopping payments at that point, he asked the fraudster how he could get around this and that's what led him to cancel the payment and try again. Once these further attempts were blocked, it seems the fraudster started requesting lower amounts, presumably in an attempt to avoid them being flagged by Wise's fraud prevention systems. So it does seem Mr Q was determined to continue with the arrangement despite being aware Wise might suspect fraudulent activity.
- I think Mr Q's responses to the warning messages he received also speak to his determination to continue the arrangement. I believe it's clear that the most suitable option was to say that he was paying money for online work but he consistently selected a different option. The fact he did this 18 times suggests this was a deliberate choice rather than an error or rushed response.

On the basis that I believe Mr Q would most likely have continued to make the payments even if Wise had intervened in a more meaningful way, I think its agreement to refund half of the payments from 11 August is fair and reasonable.

Even if I were to conclude that Wise could have successfully stopped all payments from 11 August, it doesn't necessarily follow that I'd require it to refund those amounts in full. For the sake of completeness, I've also considered whether Mr Q should bear some responsibility for his own losses. In doing so, I've taken account of what the law says about contributory negligence but kept in mind that I must decide this complaint based on what I consider to be fair and reasonable in all the circumstances.

I've considered the evidence carefully and I fully accept Mr Q genuinely believed the payments were being made in connection with a legitimate employment opportunity. But on balance, I'm not persuaded that belief was a reasonable one, particularly from 11 August when he was being asked to make more and larger payments. I've seen no evidence of a formal arrangement, for example an employment contract or terms and conditions, and the arrangement was very different to the usual employer-employee relationship, where the employee expects to be paid by their employer rather than having to pay to work. Also, I think the description given of the nature of the work and associated reward is doubtful, such that Mr Q should have questioned whether it was too good to be true.

In the circumstances, I think Mr Q should only have proceeded with great caution. And overall, I think it would be fair for Wise to make a 50% deduction from any redress payable.

#### *Recovery of funds*

I'm also conscious Wise had a responsibility to try and recover the funds once it became aware of the fraud. But it's a common feature of this type of scam that the fraudsters move the money received onto another account straight away to frustrate any attempted recovery. As the fraud wasn't reported until several days after many of the payments were made, I don't think it's surprising that recovery attempts were unsuccessful and I've seen nothing to suggest Wise could have done anything that would have led to a different outcome.

#### *In conclusion*

I recognise Mr Q has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him, so I won't be telling it to make any further refund.

#### **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 Mr Q to accept or reject my decision before 10 December 2024.

James Biles  
**Ombudsman**