

## The complaint

Ms T is being represented by solicitors. She's complaining about Wise Payments Limited because it won't refund money she lost as the result of fraud.

## What happened

Ms T has been the victim of a sophisticated romance scam. As part of the fraud, she was instructed to open an account with Wise. The account was opened on 20 July 2021 and Ms T transferred money from her bank account to Wise to fund the following payments to a number of different payee accounts:

Date	Amount
21 July 2021	£435.15
21 July 2021	£2
3 August 2021	£10
4 August 2021	£1,711
12 August 2021	£852
19 August 2021	£432
19 August 2021	£432
19 August 2021	£260
26 August 2021	£5,189
28 August 2021	£4,305
28 August 2021	£20
28 August 2021	£2,900
9 September 2021	£440
28 September 2021	£365
5 October 2021	£365
26 October 2021	£2,543
28 October 2021	£1,000.27
28 October 2021	£1,000.28
28 October 2021	£998.81
11 December 2021	£180

Our investigator didn't recommend the complaint be upheld. While she felt Wise should have intervened before the payment on 26 August 2021, she didn't think this would have prevented Ms T from continuing to make payments to the fraudster. In particular, she noted that her bank did contact her to say she was being defrauded but she continued to transfer money anyway.

Ms T didn't accept the investigator's assessment and her representative made the following key points:

- Wise should have contacted Ms T to ask about the payments before making them. If it had done, she'd have answered its questions honestly, the fraud would have been discovered and the payments could have been prevented.

- Ms T was receiving threats from the fraudster and Wise's agents should have been able to identify signs of vulnerability.
- The warning provided by Ms T's bank was generic and colloquial in nature and not adequate in the circumstances.
- In any event, Wise can't escape liability based on conversations between Ms T and her bank because it didn't know about them.

The complaint has now been referred to me for review.

### **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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. 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 (EMI) 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 Ms T 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 customer's 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 Ms T.

#### *The payments up to and including those on 19 August 2021*

Having considered what Wise knew about these payments 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 to facilitate payments to overseas accounts and the initial payments were comparatively low. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

In the circumstances, I don't think there were sufficient grounds for Wise to think Ms T was at risk of financial harm from fraud when she made the payments. So, I can't say it was at fault for processing them in accordance with her instructions.

#### *The later payments from 26 August 2021*

Having considered what Wise knew by the time of the payments on 26 and 28 August 2021, I do think it ought to have been concerned about these. The payments were significantly larger than those made by Ms T previously and because the account was still very new, no pattern of activity had been established. In the circumstances, I think Wise should have identified Ms T was at risk of financial harm from fraud and done more to establish the circumstances surrounding the payments before they were released. But it's my understanding that no intervention was attempted.

Our investigator spoke about the need for a generic written fraud warning, while Ms T's representative thinks Wise should have gone further and contacted her to discuss the reasons for the payment. If that had happened, it's argued the fraud would have been uncovered and the payments prevented.

I've thought about this point very carefully and, on balance, it's my view that any intervention undertaken by Wise at this point probably wouldn't have led to a different outcome and Ms T would most likely have told it to continue with the payments.

Ms T's representative has provided a detailed summary of the reasons she believed the fraudster to be genuine and it's not clear that contact from Wise would have persuaded her otherwise. I'm also conscious Ms T's bank did question her about the payments being made from its account in December 2021.

Ms T's bank has provided call recordings and I'm satisfied these show she was told in clear and understandable terms that she'd been sending money to a fraudster and shouldn't make any more payments. Ms T initially confirmed she understood this and wouldn't do so. But later in the call, she asked the agent:

*what happens if he is genuine, what if he is true to what he is saying?.*

The agent responded:

*I can't see any way that he's going to be genuine...you've not even seen him twice....why would that be?.*

Ms T explained that the fraudster's camera was broken but they did send messages.

Contrary to what her representative has suggested, I think Ms T's bank clearly told her she was being defrauded in a way that was clear and understandable. Unfortunately, it seems she still wanted to believe this wasn't the case and that she was in a genuine relationship with the fraudster. Following this conversation, Ms T made a further payment in December 2021.

I'm fully aware that Wise wasn't aware of this contact between Ms T and her bank. But I think it provides compelling evidence that any attempted intervention by Wise at an earlier stage in the sequence of payments would also have been unsuccessful in preventing her from continuing to send money to the fraudster and she'd likely have gone ahead anyway.

I want to be clear that it's not my intention to suggest Ms T is to blame for what happened in any way. She was under the spell of a fraudster who was clearly adept at manipulating

victims. I can understand why she acted in the way she did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of her losses.

### *Recovery of funds*

Wise also had a responsibility to take appropriate steps to try and recover Ms T's money once it was made aware she'd been the victim of fraud. But in this case, I'm conscious Wise has said it wasn't told what had happened until Ms T complained in September 2023, nearly two years later. It's a feature of this type of fraud that the fraudster usually moves money out of the receiving account quickly to frustrate any attempted recovery. In view of the time that had elapsed since the payments were made in this case, I'm satisfied Wise couldn't realistically have been expected to recover any of the lost funds.

### *In conclusion*

I recognise Ms T has been the victim of a cruel scam and I'm sorry she lost this 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 her, so I won't be asking it to make any 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 Ms T to accept or reject my decision before 3 December 2024.

James Biles  
**Ombudsman**