

The complaint

Mr C complains, via a representative, that Wise Payments Limited (“Wise”) won’t refund the money he lost to a job scam.

What happened

The details of this complaint are well known to both parties, so I won’t repeat everything again here.

In brief, Mr C met a person through a well known dating app. This person introduced Mr C to a fake drop shipping company that I will call B. B told Mr C that he would be paid commission for selling clothing online that would be produced by other third parties, but he would have to send crypto to B in order to sell the products.

In total, Mr C made 3 payments by what seems to be peer to peer crypto transactions that were then sent on to B. There were 3 transaction totalling £10,500 in June 2023.

When Mr C did not receive his “commission” from B, he realised he had been scammed. He complained to Wise about this matter as he believes that Wise should have prevented the payments being made. Wise did not uphold his complaint.

After Mr C had referred his complaint to this service, one of our investigators assessed the complaint and they too also did not uphold this complaint. He thought that Wise provided appropriate warnings given the payment reasons provided by Mr C (which was paying for goods and services). But at the time, such a warning would not have typically included warnings about the type of scam that Mr C was involved in. So the investigator concluded that a warning would likely not have stopped Mr C from carrying on with the transactions in question.

He also concluded that, had Wise intervened more and asked questions about the payments, it would not have stopped or uncovered the scam. He said this because the bank from which the funds originated did intervene and asked questions about the final payment of £6,000 and the answers provided by Mr C allayed the suspicions of the other bank. He thought that it was likely that Mr C would’ve given incorrect information about what the payments were for, even if Wise had intervened as well. So overall he did not think that Wise could have prevented the scam, even if it had taken reasonable steps to check that the payments were not linked to fraud or scams.

Mr C did not agree and therefore his complaint has been passed to me to issue a 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.

It isn't in dispute that Mr C has fallen victim to a scam here, nor that he authorised the disputed payments he made to B. The payments were requested by him using his legitimate security credentials provided by Wise, and the starting position is that Wise ought to follow the instructions given by their customers, in order for legitimate payments to be made as instructed.

However, I've considered whether Wise should have done more to prevent Mr C from falling victim to the scam. As there are some situations in which a bank should reasonably have had a closer look at the circumstances surrounding a particular transaction. For example, if it was particularly out of character for that account holder.

Firstly, I should say that as these payments were peer-to-peer crypto transactions, it is my understanding that Wise would not have been aware that they were crypto related. As all it would have known is that funds were being transferred between two parties.

Given the size of the first 2 transactions – which were £2,000 and £2,500, I don't think that they were large enough or had a pattern indicative of someone being scammed to have prompted an intervention from Wise. So given that Wise did provide a warning about payments to goods and services, I think it did more than it needed to for these transactions.

In relation to payment 3, this payment was £6,000. So as a proportional intervention I would've expected Wise to show Mr C a warning relating to the payment reason that Mr C provided. Mr C said (by selecting an option from a list of reasons) that this payment related to good's and services. So naturally, Wise provided Mr C with the same warning that it provided for the first two payments – which in the circumstances, seems reasonable to me.

The warning that it showed was not in my view detailed enough to cover the most common types of scams associated with paying for good and services. That said even had it been more detailed I don't think that this would have stopped the scam.

I say this because, the scam was unusual, compared to most goods and services scams, in that Mr C was making payments to a drop shipping store to purchase goods that he believed had already been purchased by customers of his store front. So I don't think a warning about good and services would have sufficiently resonated with Mr C to have uncovered or prevented the scam. The kind of risk Wise would've been highlighting simply didn't relate to the situation Mr C was in.

I should also add that even if Wise had somehow guessed that the payments were linked to crypto and provided a general crypto warning, I don't think it is reasonable to have expected Wise to have warned Mr C about the type of scam he was the victim of. I say this because Wise can't reasonably warn customers about every conceivable way that they could suffer a loss when making a payment. And, more importantly, at the time of the payments, any crypto warning would not likely have warned customers about paying a third party to allow you to sell goods with commission (essentially an advanced fee scam), as these scams were not as prevalent at the time.

So overall I don't think that Wise could have uncovered or stopped the scam.

Recovery

I've also thought about whether Wise could have done more to attempt to recover the payments after Mr C reported the fraud. But Wise are not part of the Contingent Reimbursement Model and I also don't think the funds could have been recovered via other means as the funds had been moved on before Mr C reported the fraud and even had they not been usually the recipients of funds in a peer to peer crypto transaction are not part of the scam.

I appreciate this will come as a disappointment to Mr C, and I'm sorry to hear he has been the victim a scam. However, I'm not persuaded that Wise can fairly or reasonably be held liable for the losses that he said he incurred in these circumstances.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 February 2025.

Charlie Newton
Ombudsman