

The complaint

Mrs H is unhappy that Wise Payments Limited will not refund £4,240 that she lost as the result of an Authorised Push Payment (APP) scam.

Mrs H brought his complaint to this service through a representative. For ease of reading I will refer solely to Mrs H in this decision.

What happened

As both parties are familiar with the details of the scam I will not repeat them in full here. In summary, Mrs H fell victim to a job/task scam. She had to pay funds in cryptocurrency to access the tasks and earn commissions. On 7 November 2023 she made three faster payments of £940, £1,500 and £1,800 to two different accounts held at Wise for peer-to-peer cryptocurrency purchases. Mrs H realised she had been scammed when she completed all necessary tasks, yet was asked to pay an additional £3,000 to access her commissions.

Mrs H says if Wise had implemented sufficient security with staff trained to a proper level to detect an obvious pattern of fraud, she would have had effective warnings and the scam could have been avoided in its entirety.

Wise says it cannot be held liable for circumstances beyond its control. Mrs H chose the incorrect transfer purpose on each of the scam warnings it provided, preventing it from showing more relevant information.

Our investigator did not uphold Mrs H's complaint. She said there was no evidence to suggest Wise ought to have been on notice that there was a risk fraud might be taking place. The payments were not unusual or suspicious, they were not of significant value such that she would expect Wise to intervene. Mrs H selected "sending money to friends and family" as the payment purpose of all three transfers so the questions she was then asked were relevant to that purpose.

Mrs H disagreed and asked for an ombudsman's review. She said, in summary, Wise failed to intervene and ask probing and relevant questions. It did not provide effective scam warnings. The transactions were out of character and Wise should have done more. Wise is aware that its accounts are used for fraud and it is surprising it has not strengthened its security measures. Wise has failed to address the higher level of fraud present on its accounts in comparison to the banks.

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 have also taken into account the relevant law, regulator's rules and guidance, codes of practice and what was good industry practice at the time. To note, as Wise is not a signatory to the Contingent Reimbursement Model the principles of that code do not apply in this case.

I'm sorry to hear that Mrs H has been the victim of a cruel scam. I don't underestimate the significant impact – emotionally and financially – this scam has had on her. But, having considered everything, I'm not upholding her complaint. I'll explain why.

The starting point at law is that Mrs H is responsible for any payments made from her account which are properly authorised. This position is set out in the Payment Service Regulations (2017) and confirmed in her account terms and conditions. There's no dispute on the question of authorisation here. Mrs H has confirmed she made the payments, albeit as part of a scam.

Wise ought fairly and reasonably to have systems in place to monitor accounts and transactions for signs of fraud and scams. And, where there's an identifiable risk of financial harm, it might be fair and reasonable for an apparently legitimate payment instruction to be stopped and questioned.

Wise presented an automated scam warning message at the time of each transaction. Mrs H did not select the option for the payment purpose that accurately matched what she was doing (paying to earn money by working online). Rather, she said she was 'sending money to family and friends'. This meant Wise was prevented from giving her further information on the key characteristics of job/task scams which might have alerted Mrs H to the risk she was taking on.

And I am not persuaded that the payments carried any indicators of possible financial harm such that Wise needed to do more. The account was new so it is hard to agree with her argument that the activity was not typical for the account. From the information provided I cannot see that it had captured Mrs H's reason for the new account, so I cannot fairly conclude these payments were contrary to what it could reasonably have expected. They were not high value, the limited number meant a suspicious pattern had not yet emerged, and they were not identifiably for cryptocurrency. The recipients were Wise account holders who had been verified in line with regulatory requirements and at that time there were no recorded concerns against them. So I do not agree that Wise ought to have spoken to Mrs H.

I have then looked at if Wise did what we would expect to try to recover Mrs H's money once the scam was reported. As Mrs H made the payments to purchase cryptocurrency which she then transferred to the scammers there was no realistic chance that any funds could be recovered. I note Wise deactivated the two beneficiary accounts once it became aware they were potentially being used for scam purposes.

In response to the investigator's assessment Mrs H also made a number of comments about Wise's overall approach to preventing fraud and scams. But I can only consider the merits and circumstances of this individual complaint here. Anything systemic - that is, relating to overall policies and processes, falls within the remit of the regulator, the Financial Conduct Authority.

It follows I am not instructing Wise to refund any money to Mrs H. I have also found no grounds to award the £500 compensation Mrs H requested. I'm sorry Mrs H lost a considerable amount of money which was very distressing for her. I can understand why she would like to be compensated for her losses. And I do accept Mrs H has fallen victim to a sophisticated scam. But I can only consider whether Wise, which had no involvement in the scam itself, should be held responsible for what happened. For the reasons set out above I do not find Wise can be held liable in the circumstances of this case.

My final decision

I am not upholding Mrs H's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 24 February 2025.

Rebecca Connelley
Ombudsman