

## **The complaint**

Mr P is unhappy that Wise Payments Limited (“Wise”) won’t refund the money he lost after he fell victim to a scam.

## **What happened**

I’m not going to cover all the points raised in detail here. The view of 10 May 2024 covered the detailed timeline of the transactions and the details of Mr P’s testimony. But briefly, in October 2023 Mr P fell victim to a task-based job scam.

Our investigator did not uphold the complaint. She didn’t feel the payments were particularly unusual or suspicious but, in any event, she didn’t think further questioning would have made a difference as Mr P selected a payment purpose that didn’t match the real reason for the payments.

Mr P, via a third-party representative, said at least the final three transactions warranted further intervention from Wise. The account had remained dormant with no transactions being made between October 2022 and October 2023. The sudden increase in spending behaviour, several credits entering the account and being disbursed immediately and the payment values also increasing and being made to several different payees, does in fact follow a very common scam pattern as well as other concerns.

Therefore, Mr P’s representative feels that, regardless of the payment purpose “friends and family” being provided, Wise ought to have intervened further, by the £2,000 on 1 November 2023, to block the payment and question Mr P. Had Wise done so, it strongly believes this would have uncovered the scam.

As the complaint could not be resolved informally, it’s been passed to me for 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.

Having done so, I’ve reached the same conclusion as our investigator broadly for the same reasons.

When considering what is fair and reasonable, I'm also required to take into account: relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the relevant time.

It's important to highlight that with cases like this I can't know for certain what has happened. So, I need to weigh up the evidence available and make my decision on the balance of probabilities – in other words what I think is more likely than not to have happened in the circumstances.

In broad terms, the starting position at law is that an Electronic Money Institution ("EMI") such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (2017) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulatory rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in October 2023 that Wise should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Wise sometimes does and as was the case here);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

*Should Wise have recognised that Mr P was at risk of financial harm from fraud?*

I'm mindful that the account had been dormant for some time and there had been limited activity recently. There's also a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. Whilst banks have obligations to be alert to fraud and scams and to act in their customers' best interests, they can't reasonably be involved in every transaction.

Wise did ask a series of automated questions designed around the payment purpose Mr P selected and I consider this was proportionate in the circumstances. The individual transactions aren't particularly large (although I appreciate it's a lot of money to Mr P). They are spread out and there's nothing to link the individual transactions to each other as they are to different payees. So, whilst I acknowledge what Mr P's representative has said about several credits entering the account and being disbursed immediately and the payment values also increasing to several different payees, I don't think they would have been so unusual, remarkable or suspicious to Wise, to say it reasonably ought to have been obliged to have done anything further before following Mr P's instructions to send them. This means I'm not persuaded Wise unreasonably missed an opportunity to prevent the payments or, therefore, Mr P's loss of the payments to the scam, before they were sent.

Of course, any such corresponding warning relies on the customer answering the automated questions honestly and openly. But when being asked to pick the reason for the transfers, Mr P selected "sending money to family and friends" even though there was an option to select "paying to earn money by working online" (which gave a specific warning designed for people involved in job scams). I haven't commented on this warning as it was irrelevant here as Mr P didn't see it.

Mr P's representative has suggested Wise ought to have intervened further by the £2,000 payment on 1 November 2023. It considers Wise ought to have blocked the payment and questioned Mr P. I don't agree for the reasons already set out above. But even if it had done more and had a further conversation with Mr P, I am not persuaded (on balance) this would have uncovered the scam. I say this because:

- As set out above, there was an option to choose "paying to earn money by working online" as a payment purpose. But Mr P didn't choose this option and instead Mr P selected the payment purpose as "family and friends".
- On Mr P's linked complaint with his other bank, Mr P indicated to that bank on more than one occasion that the final payment was going to a friend. Mr P told us, via his representative, that the scammers told him the payment would go through faster if this option was selected.

I appreciate Mr P has indicated the scammers told him to select the payment purpose – but this made it much harder for Wise to identify he was at risk from harm from fraud. I think it more likely than not – that if Wise had intervened further – the scammers would have likely guided him further and Mr P would not have disclosed the true reasons for the payment(s).

Taking into account good business practice and what I deem to be fair and reasonable, Wise is generally expected to assist its customers in recovering funds lost in a scam. I've considered Wise's actions once it had been put on notice that Mr P was a victim of fraud.

But I've seen the evidence from the third-party beneficiary accounts that indicates Mr P's money was removed almost immediately, and before Mr P discovered he was the victim of a scam. So, I don't think Wise could have done anymore to recover Mr P's funds. This is not unusual as most scammers remove funds within hours.

I know that this scam has had a significant impact on Mr P and I'm sorry that he's been the victim of a cruel scam. However, I've explained that I don't think Wise needed to do more here but even if it did, on the balance of probabilities, I don't think it would have been the cause of Mr P's loss.

**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 P to accept or reject my decision before 2 September 2024.

Kathryn Milne  
**Ombudsman**