

The complaint

Ms D complains that Wise Payments Limited ('Wise') won't refund the money she lost after she fell victim to a scam.

Ms D is represented in this matter by a third party, but for ease of reading I have referred to Ms D throughout this decision.

What happened

The background to this complaint is well known to both parties so I will not set it out in detail here. In summary, Ms D has explained that she made two payments from her Wise account to what she thought was a legitimate investment. Ms D says the scammers told her to open a Wise account to send the money she wanted to invest.

Initially Ms D had transferred £200 from her bank account. It appeared from the information she received from the scammer that her initial investment had generated a profit. Ms D then sent £2,050 from her Wise account on 2 November 2023 and then a further £3,000 on 11 December 2023.

Ms D says she realised she had been scammed when the December 2023 payment didn't appear in her account. She contacted Wise about this matter. It said it didn't think it had acted incorrectly and wasn't willing to reimburse Ms D.

Our investigator considered Ms D's complaint. Having done so they said they didn't think her complaint should be upheld.

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 have reached the same view as our investigator and for much the same reasons. I'll explain why.

It is not in dispute that Ms D has been the victim of an investment scam and I am sympathetic to Ms D's position. Ultimately, however, Ms D has suffered this loss because of fraudsters and this doesn't automatically entitle her to a refund from Wise. It would only be fair for me to tell Wise to reimburse Ms D for her loss (or some of it) if I thought Wise reasonably ought to have prevented one or both of the payments in the first place, or Wise unreasonably hindered recovery of the funds after the payments had been made; and I was satisfied, overall, this was a fair and reasonable outcome.

Prevention

In considering this complaint I have taken into account 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 point 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 (in this case the 2017 regulations) and the terms and conditions of their account.

It is not in dispute that Ms D authorised both payments complained about. Under the Payment Services Regulations and the terms and conditions of the account, Ms D is presumed liable for the loss in the first instance.

However, this isn't the end of the story. Good industry practice was that Wise ought to have been on the look-out for transactions that were unusual or uncharacteristic to the extent that they might indicate a fraud risk. On spotting such a payment instruction, I would expect Wise to intervene in a manner proportionate to the risk identified. Ms D had only very recently opened her account with Wise in September 2023. So, Ms D didn't have a material account history with Wise for it to tell whether the payment on 2 November 2023 for £2,050 or the payment of £3,000 in December 2023 were unusual or uncharacteristic for her account. This didn't absolve Wise of its responsibilities to appropriately intervene in scam payments though.

I think that given the size of the first transfer, and the fact that it was to a new payee, Wise ought to have intervened and provided Ms D with a warning about scams. In this case, however, I can see that Wise did intervene before it followed Ms D's instructions to make the transfer. Wise has provided information showing that when Ms D initiated the payment instruction, Wise would've shown her a screen which said: *"Protect yourself from scams. This could be a scam. Tell us what this transfer is for, and we can give you advice"*; and Ms D was asked to pick what the transfer was for from the following options:

"Sending money to yourself"

"Sending money to friends and family"

"Paying for goods or services"

"Paying a bill (eg utilities or tax)"

"Making an investment"

"Paying to earn money by working online"

"Something else"

Wise has provided information showing Ms D chose the option; *"Paying for goods or services"* and that, based on this, Wise would've then shown Ms D warnings about possible relevant scams. Ms D nevertheless chose to proceed with the transfer. I don't think I can fairly say Wise's intervention was unreasonable. Ms D's Wise account had only just been opened, so Wise didn't have a material account history to allow it to judge whether Ms D's payment instruction was uncharacteristic or unusual for the account. But nevertheless, it intervened, and it tried to provide Ms D with a written warning tailored to the types of scams she might be falling victim to.

But Ms D didn't give Wise an accurate answer to its question about what the payment was for – she said it was to pay for goods or services, rather than for an investment. In the circumstances and as Wise had no reason to think Ms D had not given the true reason for the payment, I don't think it could reasonably have been expected to do more in respect of this payment.

In reaching this view I have taken into account that since 31 July 2023, under the FCA's Consumer Duty, regulated firms like Wise must act to deliver good outcomes for customers and must 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. But Wise's ability to effectively warn Ms D did depend here, not unreasonably, on her giving an accurate answer to its questioning about the purpose of her payment. And there are many payments made by customers each day and there's a balance to be struck between appropriately intervening in payments before following the customer's instructions to make them, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

Wise intervened in this payment and gave warnings based on how Ms D interacted with it. She told Wise the payment was to pay for goods or services. And overall, whilst I note the points Ms D and her representative have made, I think in this instance I can't fairly say Wise acted unreasonably. I note that Ms D's representative says the warning wasn't appropriate as Ms D's first language isn't English, but I don't think Wise could reasonably have been expected to know this or to have known that Ms D might not fully understand the warning. In any case, I note that Ms D says she has no recollection of having received the warning.

Having carefully considered this payment I'm persuaded that Wise's intervention was proportionate, and that it therefore did not unreasonably fail to prevent Ms D's loss of this payment.

I am also mindful that Ms D received two credits to her Wise account on 2 November 2023, one for £1,000 and one for £1,050 and the reference given for these payments was the same name as one of the scammers Ms D was corresponding with over WhatsApp. The WhatsApp conversation also appears to suggest that the scammer had put this money into Ms D's Wise account. It is therefore not clear to me that the first payment of £2,050, made to a scammer on 2 November 2023, was in fact Ms D's own money.

In respect of the second payment of £3,000 on 12 December 2023, Wise hasn't provided information about any interventions or warnings that took place before this payment was sent. I have carefully considered whether Ms D would have chosen not to proceed with this payment if she had received a tailored warning from Wise. Having done so, I think Ms D would have proceeded with the payment, as even if Wise had provided a warning it is more likely than not that Ms D would have again chosen the wrong payment purpose and that would have driven Wise's systems to display a warning that wasn't relevant to her circumstances and so wouldn't have impacted her decision making. I have reached this view as I am mindful that Ms D had previously proceeded with a payment to the scammers, despite having received a tailored warning – and had not given Wise accurate information about the purpose of the payment.

I have also taken into account that Wise was in a difficult position in terms of its ability to spot the fraud risk. Normally, it would be expected to look at payment activity and consider whether it was out of character for that customer or account. But, as I set out above, the payment was being made from a newly opened account, so Wise had very little data to serve as a basis for that comparison. But it did know that Ms D had previously confirmed that the payment she made in early November 2023 of £2,050 was legitimate so it was building a picture of larger one-off payments being sent to new payees. I've also considered that this was an international payment, but a significant number of customers open accounts with Wise specifically to make international payments. On its own, I don't think the payment was large enough that intervention would've been necessary.

Recovery

I've considered whether Wise acted promptly in attempting to recover the funds after the payments were made. I'm satisfied that it did. When Ms D contacted Wise on 12 December 2023, to report that she'd been scammed, it took steps to recall the funds Ms D had sent but unfortunately no funds were available to be returned to Ms D. Unfortunately it's common in cases like this for funds to be moved from the recipient account promptly (presumably to frustrate recovery attempts).

I'm sorry Ms D was scammed and lost this money. She has my sympathy. However, I can't fairly tell Wise to reimburse her in circumstances where I'm not persuaded it reasonably ought to have prevented the payments or to have recovered them.

My final decision

For the reasons I have set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms D to accept or reject my decision before 25 April 2025.

Suzannah Stuart
Ombudsman