

The complaint

Ms D has complained that Wise Payments Limited won't refund the money she lost after falling victim to a scam.

What happened

Both sides are most familiar with the case, so I'll summarise things more briefly.

In late 2023, Ms D fell victim to a cruel job scam. She was instructed to pay money to her fictional employers to top up her job account, clear negative balances, and earn commission. The scammers persuaded her to make several international payments via Wise over the course of two days, to purchase cryptocurrency and then send it to them. Her Wise payments totalled a little under £5,000.

The following month, Ms D reported the scam to Wise. They were unable to recover the money as the recipients had moved the funds on. And they didn't think they were otherwise liable for Ms D's loss.

Our Investigator looked into things independently and didn't uphold the complaint. Ms D's representatives asked for a final review, so the complaint's been passed to me to decide.

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 understand that Ms D fell victim to a scam, and so she has my sympathy. I appreciate this can't have been an easy time for her, and I appreciate why she feels that her money should be returned. It's worth keeping in mind that it's the scammers who are primarily responsible for what happened, and who really owe Ms D her money back. But I can only look at what Wise are responsible for. Having carefully considered everything that both sides have said and provided, I can't fairly hold Wise liable for Ms D's loss. I'll explain why.

It's not in dispute that Ms D authorised the payments involved. So although she didn't intend for the money to go to scammers, under the Payment Services Regulations and the terms of her account she is liable for the loss in the first instance. And broadly speaking, Wise had an obligation to follow her instructions – the starting position in law is that account providers are expected to process payments which a customer authorises them to make.

Wise should have been on the lookout for payments which could be the result of fraud or scams, to help prevent them. Though a balance must be struck between identifying and responding to potentially fraudulent payments, and ensuring there's minimal disruption to legitimate payments. I've thought carefully about whether Wise should have done more in Ms D's case.

As this was a new account, there wasn't any previous activity for Wise to compare the scam payments to, so it's difficult to agree they should've been viewed as unusual or out of character for Ms D. And I wouldn't expect Wise to necessarily intervene on every single new account's payments. While these were substantial amounts to lose, the payments weren't quite so large or rapid that I'd have expected them to have caused Wise to intervene. The payments were relatively spread out over the two days, and went to multiple different people, with no clear pattern or other factors which should've clearly indicated fraud. So I've not found that Wise needed to intervene or make person-to-person enquiries with Ms D.

It doesn't look like Wise would've reasonably been aware that Ms D was paying the recipients for cryptocurrency. It looks like she was buying the crypto using a peer-to-peer method rather than an exchange, so she was paying individual recipients, and none of the payment references or other information she gave to Wise appear to have referred to crypto. I'd then note that even if Wise had identified that these related to crypto, I would not have expected them to manually intervene here, but to give a tailored warning. And they had asked Ms D about the purpose of the payments, with a possible answer specifically being about paying to earn money while working online. But Ms D gave a different answer, which didn't reasonably relate to this type of scam. So Wise provided a different warning, as they didn't reasonably know to warn Ms D about this specific scam. And given that Ms D did this more than once, it might be difficult for me to conclude that she would've answered more accurately had Wise asked her more questions.

Next, I've considered what Wise did to try to recover Ms D's money after she told Wise about the scam. Unfortunately, by the time Ms D told Wise about the scam, the scammers had already moved the money on – they did so almost straight away. So by that point, it wasn't possible for Wise to recover her money. And the payments were not covered by the CRM Code, given that they're international payments and Wise were not signatories to the code.

So while I'm very sorry to hear about what happened to Ms D, I don't think Wise can fairly be held responsible for her loss. And so I can't fairly tell Wise to refund Ms D's money in this case.

My final decision

For the reasons I've explained, 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 10 January 2025.

Adam Charles
Ombudsman