

The complaint

Miss R complains that Wise Payments Limited didn't do enough to prevent the loss she suffered when she fell victim to a scam.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Miss R says she fell victim to a job scam, which resulted in her making nine payments (listed in the table below) totalling £791 from her Wise account to accounts which were held by other Wise users.

Date	Amount	Recipient
9 December 2023	£50	Account One
10 December 2023	£50	Account Two
10 December 2023	£50	Account Three
11 December 2023	£75	Account Four
11 December 2023	£77	Account Five
11 December 2023	£45	Account Five
12 December 2023	£100	Account Six
13 December 2023	£175	Account Seven
13 December 2023	£169	Account Eight

When Miss R realised she'd been scammed, she got in touch with Wise. Ultimately, Wise didn't reimburse Miss R's lost funds and she referred her complaint to us. Our Investigator didn't recommend that the complaint should be upheld. In summary she concluded Wise had acted fairly. Miss R disagreed and asked for an Ombudsman to make a final decision. As our Investigator had commented on some matters which fall outside the Financial Ombudsman Service's jurisdiction, I first issued a decision to set out the scope of what we can and can't look into. In summary I said Miss R is an eligible complainant and I can consider her complaint. But my considerations will be limited to matters arising from DISP 2.7.6R(1), her 'customer' relationship e.g., Wise's actions in arranging and making the payments, and its efforts in trying to assist in the recovery of those funds as her payment service provider (PSP) when she reported the scam. And matters arising from DISP 2.7.6R(2B) e.g., Wise's act(s) or omission(s) in relation to the recipient accounts but only those which were held with Wise Payments Limited (so all but Account Four).

Now that the jurisdiction matter has been decided, my decision about the aspects of Miss R's complaint I do have the power to investigate is explained below.

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 outcome as our Investigator and for similar reasons. I know this will be disappointing for Miss R, so I'll explain why.

Firstly, I want to assure Miss R that I've read and considered the whole file. But as the purpose of my decision is to set out my conclusions and reasons for reaching them, my findings focus on what I consider to be the central issues. If I don't mention any specific point, it's not because I've failed to take it on board and / or think about it, it's just that I don't think I need to comment on it to explain my decision. This isn't intended as a discourtesy; our rules allow me to do this. This simply reflects the informal nature of our service.

Miss R refers to Wise not providing her with a refund for what she considers to be 'unauthorised' transactions. The regulation that is relevant when considering this matter is the Payment Services Regulations 2017 (PSRs). In short, the PSRs say consumers are generally liable for payment transactions they've authorised and financial businesses like Wise will usually be required to refund the amount of unauthorised payment transactions and where applicable, restore the debited payment account to the state it would have been in had the unauthorised payment transactions not taken place. Under the PSRs a payment transaction is regarded as authorised by the payer if it was made using the legitimate security credentials provided by the payment service provider (here Wise) and if the payer gave consent to the execution of the payment transaction.

It's not in dispute that the disputed payments were made by Miss R and through her online banking. I've taken on board her comments that she'd unknowingly sent money to a scammer, but this doesn't change the fact that under the PSRs these payments are regarded as 'authorised' payments. Therefore, Miss R is presumed liable for the loss in the first instance.

That's not to say Miss R hasn't been the innocent victim of a scam. I accept that she has. From what she's described, she has fallen victim to an 'authorised push payment' (APP) scam. This is where a person is tricked / deceived into transferring funds for what they believed were legitimate purposes but in fact turned out to be fraudulent. In the circumstances here, simply because Miss R fell victim to an APP scam doesn't entitle her to, nor does it mean that Wise must refund her losses. In these circumstances, I could only ask Wise to refund Miss R's loss if it can fairly and reasonably be concluded that its action(s) were the cause of it. In simple terms I'd need to be persuaded that Wise failed to do something that I'd reasonably have expected it to have done, and but for that failure all or part of Miss R's losses would've been prevented.

Matters arising from Miss R's 'customer' relationship with Wise [DISP 2.7.6R(1)]

I appreciate Miss R considers that Wise shouldn't have taken her instructions at "face-value". But this is easy to say with the benefit of hindsight now knowing that the disputed payments were made as a result of a scam. Wise's principal duty is to process payments that its customer (here Miss R) instructs it to make without undue delay. But I agree that this is not the end of the story. It also has regulatory and lawful obligations to be alert to various risks in relation to the accounts held with it. And it is the friction between such competing obligations where the crux of the matter is found. Naturally, with the benefit of hindsight it's easy to say that Wise ought to have identified Miss R's payments as being fraudulent. But in practice this isn't always possible and can be quite challenging as PSPs like Wise process thousands, if not millions of payments on a daily basis, and it would not be realistic or reasonable to expect them to stop and check each one. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

So with the above in mind, I've thought carefully about whether in the circumstances of Miss R's case Wise reasonably ought to have had concerns and intervened before processing the disputed payments.

In this case Miss R's Wise account was newly opened; so, there was no established pattern of use. And I don't think the payments listed above, would have stood out at the time as being so suspicious or indicative of fraud / scam such that I think Wise ought to have done more than it did before processing them. I say this because: the payments weren't large; there wasn't anything identifiably concerning about the payment destinations; nor from what I've seen were Wise in possession of any information that reasonably ought to have put them on notice of a potential problem. I appreciate the sums involved here were significant to Miss R and I'd like to assure her I'm not taking away from this. It just wouldn't be proportionate to expect Wise to intervene in payments of that size without having a reasonable basis to do so. Overall, I don't think Wise have acted unreasonably here by processing the payments Miss R had asked it to make.

I've considered if there was anything Wise did or didn't do that impacted on whether anything could be recovered from the recipient accounts. And ultimately, I'm satisfied that, upon receipt of notification of fraud, there wasn't anything Wise could've done that would've resulted in the recovery of Miss R's funds.

Matters arising from Miss R's relationship with Wise as the recipient PSP [DISP 2.7.6R(2B)]

I've reviewed the information Wise has shared which includes copies of the documentation it accepted to verify the identity of the respective account holders and the account statements to show how the accounts have been operating since opening. And I agree with the Investigator, that there weren't any failings by Wise in the opening and / or monitoring of the recipient accounts held with it, nor its response when notified of fraud that reasonably could've prevented Miss R's losses.

I know Miss R is unhappy that Wise hasn't reported the matter to the police. However, as our Investigator has explained, it isn't Wise's responsibility to do so. It is for the victim of crime – here Miss R, to report the matter (which I understand Miss R has done). I know Miss R says unlike Wise, she had limited information therefore the police were unable to escalate the investigation. But police have their own processes for gathering information they might require as part of their investigations. I'd expect Wise to co-operate with the police – including the sharing of any information if they were to request it. I've not seen any evidence of the police being in touch with Wise or which shows it has failed to comply with police enquiries. And I can't comment on the police's decision to not escalate or investigate Miss R's case.

Despite my natural sympathy for the situation in which Miss R finds herself, as I've not been persuaded that Wise failed in such a way that caused Miss R's losses or hindered recovery of those funds, it follows that I can't ask it to do anything further to resolve this complaint.

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 Miss R to accept or reject my decision before 7 April 2025.

Sonal Matharu
Ombudsman