

## The complaint

Mr K complains that Wise Payments Limited trading as Wise (Wise) won't refund money he lost in a job scam.

## What happened

Mr K got a message on WhatsApp offering him part time work. This could be done alongside his existing business. He researched the company and considered it to be legitimate – it was based in the USA.

The job was to complete 'tasks' – these were around 'data optimisation', whereby he boosted the appeal of apps in various stores. These apps were then said to become available to a wider pool of people and therefore sales would be increased.

As this resulted in increased sales in the apps' merchants, Mr K would earn commission. If he completed three sets of 40 tasks for five days, he could earn £250.

As Mr K completed sets of tasks, he had to make deposits to the platform from his various bank accounts. These were sent to Mr K's existing crypto wallet with a crypto exchange and from there to buy crypto currency to pay to the platform. Some payments were direct to the crypto exchange, and some were via his other banks. Mr K was asked to open an account with Wise. He was told the amounts would be repaid to him along with the commission he had earned.

The payments from Mr K's Wise account were:

Date	Payment	Amount
22 August 2023	Faster payment to crypto exchange	£100
23 August 2023	Faster payment to crypto exchange	£900
24 August 2023	Faster payment to crypto exchange	£800
24 August 2023	Faster payment to crypto exchange	£900
25 August 2023	Faster payment to crypto exchange	£750
26 August 2023	Faster payment to crypto exchange	£790
27 August 2023	Faster payment to crypto exchange	£790
30 August 2023	Faster payment to crypto exchange	£1,500
31 August 2023	Faster payment to crypto exchange	£1,600
2 September 2023	Faster payment to crypto exchange	£1,600

4 September 2023	Faster payment to crypto exchange	£1,600
5 September 2023	Faster payment to crypto exchange	£1,750
6 September 2023	Faster payment to crypto exchange	£1,800
7 September 2023	Faster payment to crypto exchange	£2,800
8 September 2023	Faster payment to crypto exchange	£800
9 September 2023	Faster payment to crypto exchange	£1,000
11 September 2023	Faster payment to crypto exchange	£1,600
11 September 2023	Faster payment to crypto exchange	£2,000
13 September 2023	Faster payment to crypto exchange	£1,600
13 September 2023	Faster payment to crypto exchange	£2,000
13 September 2023	Faster payment to crypto exchange	£2,500
14 September 2023	Faster payment to crypto exchange	£3,400
15 September 2023	Faster payment to crypto exchange	£2,800
15 September 2023	Faster payment to crypto exchange	£650
20 September 2023	Faster payment to crypto exchange	£4,000
21 September 2023	Faster payment to crypto exchange	£2,000
23 September 2023	Faster payment to crypto exchange	£2,500
23 September 2023	Faster payment to crypto exchange	£2,500
24 September 2023	Faster payment to crypto exchange	£1,200
25 September 2023	Faster payment to crypto exchange	£1,200
25 September 2023	Faster payment to crypto exchange	£3,000
26 September 2023	Faster payment to crypto exchange	£1,200
27 September 2023	Faster payment to crypto exchange	£1,300
27 September 2023	Credit from crypto exchange	(£80.76)
28 September 2023	Faster payment to crypto exchange	£700
28 September 2023	Faster payment to crypto exchange	£2,000
28 September 2023	Faster payment to crypto exchange	£2,500

28 September 2023	Faster payment to crypto exchange	£1,000
29 September 2023	Faster payment to crypto exchange	£10
29 September 2023	Faster payment to crypto exchange	£1,500
29 September 2023	Faster payment to crypto exchange	£10
29 September 2023	Faster payment to crypto exchange	£1,300
30 September 2023	Faster payment to crypto exchange	£2,500
1 October 2023	Faster payment to crypto exchange	£1,000
9 October 2023	Faster payment to crypto exchange	£1,200
9 October 2023	Faster payment to personal account	£1,000
9 October 2023	Faster payment to crypto exchange	£400
11 October 2023	Faster payment to personal account	£600
11 October 2023	Faster payment to personal account	£1,500
17 October 2023	Remaining balance in Wise account	(£780.75)
<b>Net funds out from Wise</b>		<b>£71,288</b>

But when it came to making withdrawals, Mr K was asked to pay money for tax, money laundering fees and other withdrawal fees. He was desperate to get his money back so paid a number of these demands. He took out two loans for £25,000 and £10,000 from his other banks to fund some of the payments.

No money was sent back to him. The scammers then stopped all contact.

As a result of the scam, Mr K has lost most of his savings, and now has two large loans to pay back over the next five years. This is a constant reminder to him of what happened. He suffers from a lack of sleep and stress. He's lost a lot of weight. He is struggling to support his family and school-age children.

Mr K says Wise should've done more to protect him. There was no effective intervention or warnings given. He says Wise should refund the money he's lost plus interest at 8% per annum and compensation of £300. He also says Wise should reimburse his legal fees.

There were four banks involved in the scam – Wise, bank A (a 'high street' bank), bank Y (a 'high street' bank) and bank Z (a 'high street' bank). Complaints about all banks have been brought to this service.

*What Wise said:*

The firm didn't uphold Mr K's complaint and said:

- The payments were authorised by Mr K.
- The payments were of low value and Wise had no cause for concern.
- The account was recently opened and there was no account history to be considered. But Wise said they are not a bank, but a money transmission service.
- When Mr K set up some of the transfers, he said the payments were for 'investment'.
- The remaining balance on the Wise account (£780.75) had been paid to Mr K.

*Our investigation so far:*

Mr K brought his complaint to us. Our investigator didn't uphold it and said:

- Wise should have intervened in the payment on 7 September 2023 for £2,800. By that time, a pattern had emerged – there were frequent payments and linked to crypto currency – which carried a heightened risk of fraud.
- But any intervention from Wise wouldn't have made a difference. Because:
  - o Mr K hadn't been honest with Wise as he said the transfers were for 'investment'
  - o She referred to the call Mr K had with bank A (which complaint she also reviewed). And on that call, Mr K hadn't been honest with bank A about the purpose of the payments. And he misled bank A on several other matters.
  - o She was persuaded that Mr K would've acted in the same way with Wise, and the payments would've been allowed to go through.

Mr K didn't agree. He said it wasn't fair to make a decision based on one call with another bank. He asked that his complaint be looked at by an ombudsman, and so it has come to me.

### **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'm sorry to hear that Mr K has lost money in a cruel scam. It's not in question that he authorised and consented to the payments in this case. So although Mr K didn't intend for the money to go to a scammer, he is presumed to be liable for the loss in the first instance.

So, in broad terms, the starting position at law is that a bank is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And I have taken that into account when deciding what is fair and reasonable in this case.

But that is not the end of the story. Taking into account the law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and 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 banks are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or make additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

I need to decide whether Wise acted fairly and reasonably in its dealings with Mr K when he made the payments, or whether it should have done more than it did. I have considered the position carefully.

The Lending Standards Board Contingent Reimbursement Model Code (CRM Code) provides for refunds in certain circumstances when a scam takes place. But – it doesn't apply in this case. That is because Wise hasn't signed up to the Code. But in any case, it applies to faster payments made to another UK beneficiary– and in this case, the payments were made to an account in Mr K's name (his crypto wallet).

The first consideration here is whether the payments were of a sufficient size and were out of character with how Mr K normally used his account – then we would expect Wise to have intervened and contacted him. And in this case, Mr K only opened his account with Wise on 18 August 2023 – so Wise had no history to consider.

Even though Wise have argued that they are not a bank, but a money transmission service – given that this was a new account, and the first transactions were frequent and took place over a short space of time, I do think Wise should've intervened. I agree that this would have been on 7 September 2023. Up to that point, Mr K had made 13 payments for almost £15,000 in two weeks. And to a crypto exchange – which carried a heightened risk of fraud.

But – Wise didn't intervene. And here, I must consider whether any intervention would've made a difference. And, in summary, I don't think it would. I referred to the calls Mr K had with both bank A and bank Y regarding similar payments:

Call with bank A – 5 September 2023:

*Bank A call handler: Why are you making this payment?* Mr K: investment.

*Bank A call handler: What kind of platform are you investing in?* Mr K: (crypto exchange name).

*Bank A call handler: Is it your account?* Mr K: yes

*Bank A call handler: I am now going to go through a scam chat to make you aware of scams. It's important you are honest with us in this conversation so we can protect you...if this is part of a scam, it is unlikely there will be any chance of getting your money back. Criminals can be convincing and ask customers to mislead the bank to avoid detection. If anyone has told you to lie or mislead it will be a scam. This includes giving a different payment reason.*

*Bank A call handler: Has anyone asked you to lie or mislead?* Mr K: no.

*Bank A call handler: You shouldn't go ahead if you found this (contact) via social media, have you invested before?* Mr K: no worries.

*Bank A call handler: It could be a scam if the returns are too good to be true....if this is a scam you won't be able to recover your money.* Mr K – confirmed he wanted to go ahead and the payment was released.

I considered this call. Mr K wasn't honest with the bank about the purpose of the payment – which was to pay money to the job opportunity. If he had been honest, the scam would likely have been uncovered – as this was (and is) a common scam which the bank would've been well aware of. But in saying the payment was for 'investment', the bank could not help Mr K in that way.

Mr K also wasn't honest on the call - as he didn't admit he had been contacted via social media; nor did he say the returns he had been promised were high – accepting that these warnings were tailored to an investment scam.

I also listened to three other calls between Mr K and bank Y – another of his banks.

Call – 12 August 2023: payment £20:

Bank Y stopped this payment which was in favour of Wise.

*Bank Y's call handler: were you asked to set up this account by someone?* Mr K: no.

*Bank Y's call handler: What will you be using it for?* Mr K: transferring money.

*Bank Y's call handler: To who?* Mr K: don't know yet.

*Bank Y's call handler: So why open an account if you don't know who you will send money to?* Mr K: someone asked me to open it.

*Bank Y's call handler: Who? So someone did ask you to open it? Have you been asked to set up this account by someone? Have you been asked by someone to open this account?* Mr K: yes, by someone I know. Someone recommended it.

*Bank Y's call handler: Please be more specific – I deal with fraud.* Mr K: a friend said to open an account with Wise....to make a payment to a currency exchange.

*Bank Y's call handler* then says she wasn't comfortable. She said: 'I'm not confident you know what you're dealing with' and 'you won't believe how many customers have been asked by someone to open accounts with Wise to start moving money'. And Mr K's account was blocked. He was asked to go to a branch with ID.

Call – 15 August 2023: payment £5,000:

Mr K tried to make a payment for £5,000 to his account at Wise. It was stopped and Mr K went to a branch as he'd been asked to do. He called from the branch and told bank Y's fraud advisor that the money was to be used to be sent to his sister in Germany.

Call – 15 August 2023: payment £5,000:

This further payment was also stopped. Mr K called bank Y again. He was frustrated and said to bank Y 'this is unacceptable' and 'this is not right' and 'is every payment going to be stopped from now on?'

*Bank Y's call handler: what is the reason for the transfer?* Mr K: 'I want it in my other account' and 'I know everything...yes (you are) trying to prevent fraud'. Mr K said he hadn't been asked to make the payment by someone else, or to give a cover story.

I carefully considered all of these calls in the context of Mr K's complaint. And I think they show:

- Mr K was evasive as to the purpose of the payments being made. He gave different stories to each call handler/bank. So, it wasn't possible for any bank to give him a tailored warning about the job scam taking place; or to protect him.
- He was warned about not telling the truth.
- He was warned that if the payments were a scam, the money couldn't be recovered.
- He didn't disclose the involvement of a third party – the scammers.
- He was given several warnings about the activities of scammers.
- He said he hadn't been asked to open an account with Wise – when he had been so.

I also noted that when Mr K set up some of the transfers from Wise, he said the payments were for 'investment'. So – he wasn't completely honest with Wise either.

So, on balance, I'm persuaded that it was likely that Mr K would've been evasive with Wise and not disclosed the real reason for the transfers.

I also looked at the WhatsApp chats between Mr K and the scammer – and it's fair to say that he was desperate to get the scammer to pay him the money back. And he thought the only way he could make that happen was to meet their demands for more money– there were several apparent promises made that this would be the 'last time' and his money would then be paid back to him – but it wasn't. This confirms to me that he would likely have misled Wise again about the reason for the payments, and any intervention was unlikely to have made a difference.

*Recovery:* We expect firms to quickly attempt to recover funds from recipient banks when a scam takes place. I looked at whether Wise took the necessary steps in contacting the bank that received the funds – in an effort to recover the lost money.

And here, the funds went from the bank account to a crypto currency merchant and the loss occurred when crypto was then forwarded to the scammers. In this case, as the funds had already been forwarded on in the form of cryptocurrency there wasn't likely to be anything to recover.

I noted that Wise blocked and closed Mr K's account on 12 October 2023 – because of concerns about possible fraud taking place. There was a balance of £780.75 left in the account, which was paid to Mr K.

Mr K has lost a lot of money. He's explained why the money was important to him, and the impact his losses have had. I was sorry to learn of his circumstances. He will therefore be disappointed by my decision, but I'm not going to ask Wise to do anything here.

### **My final decision**

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 1 January 2025.

Martin Lord  
**Ombudsman**