

The complaint

Mr J is unhappy that Wise Payments Limited haven't refunded money he lost as a result of a scam.

Mr J is being represented by a claims management company but for ease of reference I'll only refer to Mr J here.

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.

In December 2023 Mr J said he was looking for work online and had submitted his details to recruitment agencies. He said he was then contacted over the phone by someone working for a recruiter and offering remote work. Mr J was told he could review movies to make a cinema package look more popular. He was then told how the role was task based and explained how it worked - depositing funds via a crypto exchange to complete the tasks and earn commission. In total Mr J sent the following payments to third parties;

	Date	Payment type	Amount
1	30 December 2023	Faster Payment to Third-Party	£50
2	31 December 2023	Faster Payment to Third-Party	£50
3	31 December 2023	Faster Payment to Third-Party	£50
4	1 January 2024	Faster Payment to Third-Party	£150
5	1 January 2024	Faster Payment to Third-Party	£230
6	1 January 2024	Faster Payment to Third-Party	£710
7	1 January 2024	Faster Payment to Third-Party	£1,500
8	1 January 2024	Faster Payment to Third-Party	£1,500
		Total Loss	£4,240

After being told to send further funds to earn tasks with a higher commission, but not actually receiving anything in return, Mr J became suspicious and realised he had been scammed. He contacted Wise to make a claim. But Wise said it didn't do anything wrong here so it wouldn't be offering Mr J a refund. Unhappy with that response Mr J contacted the Financial Ombudsman Service.

Our Investigator didn't think the complaint should be upheld. He said Mr J opened the Wise account in October 2023 which meant there wasn't a great deal of transaction history for it to compare the above payments to. Our Investigator said that he didn't think the payments were sufficiently unusual for Wise to have intervened further. He added that Wise did ask for a payment reason from Mr J for each payment and he selected 'goods and services' despite there being a 'paying to earn money by working online option'. So, Wise reasonably showed some scam warnings about buying goods and services which wasn't relevant to the scam Mr J was involved with.

Mr J disagreed and has asked for an Ombudsman's review. He said that the online warnings Wise provided were ineffective and the fact he was making a high amount of payments to

different payees within a short space of time should've alerted Wise to the possibility of a scam. He added that if Wise had called him to discuss the payments the scam would've likely been uncovered.

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 Mr J has been the victim of a scam, and I don't underestimate the impact this has had on him. But I must consider whether Wise is responsible for the loss he has suffered.

And while I realise this isn't the outcome Mr J is hoping for, for similar reasons as our Investigator, I don't think it is. I therefore don't think Wise has acted unfairly by not refunding the £4,240 loss. I'll explain why.

It isn't in dispute that Mr J authorised the above payments. And, under the Payment Services Regulations 2017 and the terms of his account, Wise are expected to process the payment and Mr J is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Wise to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Wise asked Mr J information about the payment before processing them. But he doesn't think it went far enough here – and that if it had delved more deeply, his loss would've been prevented.

So, the starting point here is whether the instruction given by Mr J to Wise was unusual enough to have expected additional checks being carried out before the payment was processed. But I must keep in mind that Wise processes high volumes of transactions each day; and that there is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

The account was newly opened and so there wasn't any historical spending or velocity of payments to have allowed Wise to assess whether the scam payments were unusual or out of character for Mr J. I've therefore thought about whether the payments themselves, without any typical account usage available, were suspicious enough to have prompted Wise to consider Mr J was at risk of financial harm from fraud.

Mr J has told us he specifically set up the Wise account to make these types of transfers which is a commonly used feature of setting up a Wise account. I don't think the amounts, in my opinion, were of a significantly high value in general banking terms to have alerted Wise to the possibility of a scam. I accept there were a variety of payments to different new payees on this account, but considering this was a new account I think it would be difficult for Wise in Mr J's circumstances to have done anything more here just on the velocity of payments alone.

Further to that, Wise did ask Mr J for the payment purposes, to which he answered, '*paying for goods and services*' for every payment in the table above. It then provided him with a warning based upon that payment selection. Wise said it completed this practice not because of the suspiciousness of the payments but to provide as much scam education to its customers as possible. So, if Mr J had selected the correct payment reason he would've seen a more appropriate warning. As a result, based on how Mr J selected the wrong

payment reason for each of the eight payments above, even if Wise had stopped the payments and asked him to confirm why he was making them because it was suspicious (which I'm satisfied it didn't have to do here) – I'm satisfied he wouldn't have selected the correct payment reason. It reasonably follows that an incorrect warning would've been displayed, and the scam wouldn't have been uncovered.

There were some other transfers for £3,504 that Mr J attempted to make but these were cancelled and returned to his account with the exception of one payment that was eventually sent to Mr J's own account. As a result, I don't think there was a further missed opportunity to intervene on these cancelled transactions.

When Mr J raised the scam Wise reasonably contacted the beneficiaries, but it was told that no funds remained in the accounts.

Taking all this into account, I don't think any of the circumstances surrounding the payments that left Mr J's account would've given Wise any obvious cause for concern; and that it took reasonable and proportionate action before processing them.

I have a great deal of sympathy for Mr J and the loss he's suffered. But it would only be fair for me to direct Wise to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Wise has acted fairly and so I'm not going to tell it to do anything further.

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 J to accept or reject my decision before 30 April 2025.

Mark Dobson
Ombudsman