

The complaint

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

What happened

What Mr V says:

Mr V says he was looking for a part time job and was contacted on WhatsApp by someone claiming to be from a recruitment agency, offering him a part time job opportunity. He was referred to a mentor who set him up on two platforms.

His role was to complete tasks on the platforms by making deposits and then earning this back, plus commission when he completed the tasks.

The tasks were to stimulate the appeal of items for sale online by buying the product and for each task completed, Mr V used up some of his deposits. A commission was then added to his 'account'. At the end of a set of 30-40 tasks, the commission could be withdrawn.

But each time Mr V completed a task, the next one was more expensive, so he had to add more money. The payments were sent from Mr V's other bank account to his account at Wise and from there, to crypto wallets where the money was lost to the scammers.

Mr V has brought a complaint against the other bank which is also the subject of an investigation by this service.**(continued)**

Mr V used all his savings and borrowed money from friends and family to make the payments:

Date		Payment	Amount
29 July 2023	1	Faster payment to individual crypto wallets	£17
29 July 2023	2	Faster payment to individual crypto wallets*	£2
31 July 2023	3	Faster payment to individual crypto wallets	£16.07
1 August 2023	4	Faster payment to individual crypto wallets	£65.27
1 August 2023	5	Faster payment to individual crypto wallets*	£401.68
1 August 2023	6	Faster payment to individual crypto wallets	£13.05
2 August 2023	7	<i>Faster payment to individual crypto wallets**</i>	<i>£450</i>
2 August 2023	8	Faster payment to individual crypto wallets*	£600
3 August 2023	9	Faster payment to individual crypto wallets*	£450
3 August 2023	10	Faster payment to individual crypto wallets*	£450
3 August 2023	11	Faster payment to individual crypto wallets	£450
4 August 2023	12	Faster payment to individual crypto wallets*	£450
4 August 2023	13	Faster payment to individual crypto wallets*	£450
4 August 2023	14	Faster payment to individual crypto wallets*	£3,350
5 August 2023	15	Faster payment to individual crypto wallets*	£1,376
5 August 2023	16	Faster payment to individual crypto wallets*	£2,700
6 August 2023	17	Faster payment to individual crypto wallets*	£1,500
7 August 2023	18	Faster payment to individual crypto wallets*	£4,000
7 August 2023	19	Faster payment to individual crypto wallets*	£1,800
12 August 2023	20	Faster payment to individual crypto wallets*	£1,000
15 August 2023	22	Faster payment to individual crypto wallets*	£3,250
Total			£22,791.07

**Scam warning given*

*** Tailored job scam warning given*

He was then told that to make a withdrawal, he had to upgrade to 'VIP' level – for a further payment of USD1,500. He then realised he had been scammed.

Mr V says the payments he made were out of character – he was moving money in and out of a new account in a short period of time. It was common knowledge that new accounts

have a higher risk of fraud. Wise should've intervened and stopped the payments to protect Mr V.

If they had, Mr V says the scam would've been easily uncovered as this was a job scam which was commonplace; he was contacted out of the blue by the scammer; he was sending money for a job without an employment contract; and a screensharing app had been used to move the money to set up the crypto wallets.

Mr V says Wise should refund the money plus interest at 8% per annum.

What Wise said:

Wise didn't provide a final response but sent their evidence to us. This said:

- Mr V hadn't used his Wise account very much since it was opened in 2018. The account hadn't been used for over a year before the payments in question, but he had made similar payments in the past.
- Wise showed scam warnings to Mr V for 16 of the payments. But Mr V chose to go ahead with them.
- Mr V stated most of the payments were to family and friends.
- Wise couldn't fairly try to get the money back from the beneficiaries of the payments – as they were also innocent victims of the scam – they are crypto sellers and Wise customers.

Our investigation so far:

Mr V brought his complaint to us via a third-party claims firm. Our investigator initially upheld Mr V's complaint before receiving evidence from Wise. But after that was received, he didn't uphold it. He said:

- Mr V was shown scam warnings on 16 of the payments, but still went ahead.
- One of the warnings was a specific tailored warning about job scams and Mr V still went ahead.

Mr V didn't agree. He said:

- The payments were out of character and warranted intervention from Wise.
- When he selected the option of 'paying to earn money by working online' – this was a clear red flag and Wise should've stopped the payment and intervened. And then, refused to make further payments after that – as Mr V was clearly involved in a job scam.
- Given this, Wise should've intervened more forcefully, rather than relying on an online warning. A human intervention was justified and should've taken place. If it had, the scam would've been uncovered.

Our investigator responded:

- None of the payments individually were high value nor warranted a concern from Wise.

- The tailored warning was powerful – it said it was a scam and the payment should not be made. It also said that the money couldn't be retrieved if it proved to be a scam.
- After that, Mr V went back to stating the payments were to family and friends, which wouldn't have caused a concern to Wise.
- Wise isn't a bank but a money transfer business. And its interventions are different to a bank.

Mr V asked for an ombudsman to look at his complaint 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 V 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 he 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 V 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 as Wise hasn't signed up to the Code.

I considered this complaint in the light of PRIN 2.1 '(principle 6') as set out in the Financial Conduct Authority (FCA) handbook and Banking Conduct of Business Sourcebook 2- which apply to Electronic Money businesses (including Wise) after 1 August 2019.

The first consideration here is: if the payments were of a sufficient size and were out of character with how Mr V normally used his account – then we would expect Wise to have intervened and contacted him.

While Mr V had had an account since 2018, I can see it was only used occasionally. The only transaction in 2023 (up to the scam payments) was one payment for £500 in May 2023 – so it's fair to say the payments in question were unusual. And so we would expect to see some intervention from Wise.

And – Wise did intervene. The crux of this decision comes down to whether I consider the messages and interventions by Wise were enough, or whether they should have done more – such as refusing to make the payments or calling Mr V, rather than relying on the online messages.

And – I must bear in mind here the value of the payments and the nature of Wise's business. The payments were for a relatively low value. And Wise is an electronic money transfer business – where customers frequently use Wise simply to make payments and no more.

I need to consider the nature and appropriateness of the interventions in the light of this.

And here, I'm persuaded that on balance, Wise did enough to warn Mr V of the risks he was undertaking – and he opted to go ahead anyway.

Mr V made 22 payments from his account with Wise to crypto wallets (and from there to the scammers). Sixteen of the payments were subject to a warning from Wise – as shown in the schedule.

Looking at the payments he made:

- Mr V told Wise that 13 of the payments were to 'friends and family' – so this wasn't true. Wise then provided a scam warning relative to the declared purpose of those payments.
- Mr V said two other payments were for other purposes – which wasn't true.
- For the payment on 2 August 2023 (for £450), Mr V said it was for '*paying to earn money by working online*'.
- Wise then provide a tailored warning which said *"Have you been asked to pay to earn money?"*

This was then followed by 'Stop this is a scam – Scammers will ask you to pay, and then start earning money by watching ads or writing reviews...have you already been paid a small amount?...Scammers might pay you a small amount first to gain your trust. Then, they'll ask you to pay them to earn larger amounts.'

So, Wise provided 16 scam warnings to Mr V, but he still went ahead. And - he was shown a very strong tailored warning on 2 August 2023 which said this was a scam, and to stop – but he still went ahead.

I can also see that after the strong warning on 2 August 2023, the payments continued at relatively low values; and Mr V then went back to stating the payments were to 'friends and family', which of course wasn't the case.

Given all of this, I don't think it's reasonable to ask Wise to refund any of the money to Mr V.

Recovery: 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.

My final decision

I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 7 November 2024.

Martin Lord
Ombudsman