

The complaint

Mr F complains that Wise Payments Limited trading as Wise won't refund money he lost when he was a victim of a scam.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In late 2023 Mr F received an offer from a third-party, he had spoken to previously, about a job opportunity which entailed completing tasks for a commission. Mr F was looking for other opportunities at the time after he lost £10,000 in an investment scam - via the same person who contacted him about this job opportunity. In total Mr F sent around £7,667 across six separate transactions via his Wise account so he could earn the commission he had been promised.

Mr F realised he had been scammed when he was asked for more money to pay for hidden fees. So, he raised a claim with Wise to see if he could get his money back. But Wise said it hadn't done anything wrong so it wouldn't be providing a refund here. Unhappy with this response Mr F brought his complaint to this service.

Our investigator didn't think the complaint should be upheld. He said that Wise flagged three of the payments for automated checks, but Mr F didn't provide the correct reason for the payment despite having the option of selecting 'Paying to earn money by working online'. Instead, Mr F said he was paying 'friends and family'. The investigator didn't think the payments were suspicious enough for Wise to have gone further and speak to Mr F at the time. He added that Wise said the money wasn't recoverable from the account that received the money.

Mr F disagreed and asked for an Ombudsman's review. He said that although he may have selected the wrong payment reason, Wise still should've done more and provided a human intervention here where it could've asked him personal questions about why he was making the payment which would've likely led to the scam being discovered. He said that the payments he sent here were unusual and Wise failed to intervene fairly.

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 F 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 F 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 payments. I'll explain why.

I've read and considered the whole file. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

It isn't in dispute that Mr F authorised the £7,667 in losses. And, under the Payment Services Regulations 2017 and the terms of his account, Wise are expected to process the payment and Mr F 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 F information about the payment before processing it. 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 instructions given by Mr F to Wise were unusual enough to have expected additional checks being carried out before the payments were 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 to have allowed Wise to assess whether the scam payment was unusual or out of character for Mr F. 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 F was at risk of financial harm from fraud.

Mr F opened the account on 1 November 2023 with an account opening reason of paying friends and family. He made his first deposit of £2,000 into the account on 11 December 2023 and the first payment (£2,000) towards this scam on the same day. Wise stopped three of the payments here (payments 2,3 and 5) and asked Mr F for a payment reason. So, it did consider the payments unusual enough to warrant asking Mr F some questions in the app before allowing the money to be sent.

Wise asked Mr F for the payment purpose, to which he answered, '*paying friends and family*'. He was then asked if he had met the person he was sending the money to before and whether he had been contacted unexpectedly. The account opening purpose (paying friends and family) also matched the payment purpose. So, Wise did ask Mr F for the reason for the payments with some probing follow up questions. But because he answered the questions incorrectly and deliberately so, Wise was satisfied that the account opening reason and payment reasons matched. As a result, it couldn't provide better scam information – particularly surrounding job scams.

Mr F has argued Wise should've done more here by calling him and speaking to him about the reason for the payment/s. But I don't agree. The amounts and the time span that they were made in weren't, in my opinion, of a significantly high value and frequency in general

banking terms to have given Wise further concern about the possibility of a scam because of the reason for the account being opened and the payment reason that Mr F chose.

Taking all this into account, I don't think any of the circumstances surrounding the scam payments would've given Wise any obvious cause for concern so that it needed to reasonably take further action here; and that it took reasonable and proportionate action before processing them.

Wise attempted to recover the money that Mr F had sent to the beneficiary accounts within Wise, but it has provided evidence that the funds were withdrawn before the scam was raised.

I have a great deal of sympathy for Mr F 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 F to accept or reject my decision before 1 April 2025.

Mark Dobson
Ombudsman