

## **The complaint**

Mr V has complained that Wise Payments Limited (trading as “Wise”) didn’t warn him that he could be falling victim to a scam when he sent two payments.

## **What happened**

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

In April 2023 Mr V was called by an individual (“the scammer”) posing as a member of Wise staff who explained that Mr V’s account had been compromised and he therefore needed to transfer his money out of it and into a safe account. He also says that he was told any connected accounts were also at risk, and when mentioning his main bank account, the scammer appeared to transfer him to a representative at the other bank.

Mr V has explained that during the call he did an internet search on the number that had called him and it showed as Wise’s advertised phone number. He also says that he received a code by text message that the scammer asked him to confirm, which made the call seem more genuine.

Mr V was told to send the funds from his Wise account as two payments to two different accounts, one for £19,995.15 and one for £4,000. He made both payments on the same day.

Mr V says he wasn’t warned by Wise that he could be falling victim to a scam, and had he been warned, he wouldn’t have sent the money.

Mr V notified Wise of the fraud the next day, as its phone line was closed by the time both payments had been sent. Wise managed to recover £7,004.15 of the funds sent to the scammer, which it returned to Mr V. But Mr V says that Wise failed to log the report relating to the £4,000 payment three times, meaning the receiving bank wasn’t notified until much later than it should’ve been, so the funds were withdrawn. Mr V says that had Wise done what it should’ve done and acted more quickly, it could’ve recovered more of the funds, but he’s been left out of pocket as Wise didn’t do that.

Mr V made a complaint to Wise. In its response Wise said it wasn’t responsible for Mr V’s loss as preventing it was beyond its control. It also said once it was aware that the recipient bank was possibly being used for fraudulent purposes it took “appropriate actions to prevent further transfers being made to them through our service”. Wise also offered Mr V £150 compensation to recognise the delays in updating him about his case.

Mr V remained unhappy with Wise’s response so he referred his complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. He thought the warnings that Wise gave to Mr V weren’t specific enough to have made Mr V

aware of the harm he faced. He also said the payments were sufficiently unusual that Wise should've done more to intervene.

In response to the investigator's view Wise offered to compensate Mr V for 50% of his remaining losses, plus interest. Mr V didn't accept this offer, so the case has been passed to me to make a decision.

### My provisional decision

I issued a provisional decision earlier this month where I made the following findings.

#### **What I've provisionally 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'm proposing to uphold Mr V's complaint, but I think it should be settled in a different way to what the investigator recommended. So I'm giving everyone a chance to respond before I issue my final decision.

Mr V had held his account for several years and appeared to use it for day-to-day transactions, with very few payments being over the value of £100. The payments of £19,995.15 and £4,000 were sufficiently unusual that I think Wise should've had cause for concern and should've carried out a proportionate intervention before completing the payment instructions.

Wise says that as the payments were unusual, it showed an automated on-screen warning to Mr V, warning him that this could be a scam. But it says that Mr V had selected incorrect payment reasons – which I note were “paying friends or family” and “paying for goods or services” – so the warnings it showed weren't specific to Mr V's circumstances.

But given the circumstances here, I don't think an on screen warning was a proportionate intervention. I say this because the first payment was significantly out of character for Mr V's account, which had been open for some time and was generally used for very low-value transactions. In addition, the activity surrounding the scam displayed well-known fraud patterns, such as high value payments crediting the account and leaving it very quickly afterwards.

With this in mind I don't think a drop-down list of reasons for the payment, followed by an on-screen warning, was effectively warn Mr V about this scam. Had Wise reached out to Mr V with a human intervention, I'm satisfied that it would've uncovered this well-known scam fairly quickly by asking effective questions. And had it done this, it's more likely than not that Mr V wouldn't have made the payments and his losses would've been prevented.

So I think Wise is responsible for Mr V's losses.

#### Is Mr V responsible for any of the losses?

I've also considered whether Mr V should bear any of the responsibility for the losses he's incurred.

It's evident from the information Mr V has provided that he fell victim to this scam as the scammer used “number spoofing” – a technique that allows scammers to trick caller IDs into displaying false information, usually of legitimate companies. And I can understand how Mr V initially believed the scammer to be genuine after they sent him a code which they asked him to relay to them to confirm his identity.

But I must also bear in mind that the scammer doesn't appear to have known any details about Mr V, as I would expect a financial institution to, so I'm not persuaded that this was a particularly sophisticated scam that Mr V wouldn't have been able to uncover. And the fact that they told him they were calling from Wise, and then transferred him through to another bank that he was a customer of, isn't a typical or particularly credible way for a business to behave.

Mr V was also shown a "Confirmation of Payee" screen before making both payments. This screen showed, on both occasions, that the payments were being sent to accounts in two different individuals' names, with two different banks. Although Mr V says this was due to limits on the amount he was able to send as one payment, there was still an opportunity for him to choose not to proceed – or to ask further questions - when he realised he wasn't sending the funds to an account in his own name. But Mr V chose to proceed with making the payments.

I appreciate that the scammer would've likely made the situation seem urgent to ensure Mr V acted without thinking too much, but with the above in mind, I think it's fair that Wise and Mr V are jointly responsible for the losses Mr V has experienced.

#### Recovery of funds

The information provided shows that Wise contacted the receiving banks on the same day Mr V reported the fraud by phone. Unfortunately, most of the larger payment had already been removed from the receiving account on the same day, but I'm satisfied that Wise's action here meant that it was able to recover the remaining funds – which Mr V could have lost completely.

In the case of the £4,000 payment, although there was a delay in dealing with this, I've been provided with information to show that those funds were spent within 20 minutes of them arriving at the receiving bank. So even if Wise had acted more quickly here, it wouldn't have been able to recover them.

#### **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.

In my provisional decision I explained that I was minded to uphold the complaint and split the responsibility for Mr V's losses equally between Mr V and Wise.

Mr V and Wise have now both replied. Neither party provided any further comments or evidence.

As I see no reason to depart from my initial findings I uphold this complaint and require Wise to put things right as follows:

#### **Putting things right**

- Refund 50% of £16,990.85 to Mr V to reflect half of his remaining outstanding loss from the safe account scam and;
- Pay 8% simple interest\* on this refund from the date of the disputed transactions until the date of settlement and;
- Pay Mr V the £150 it previously offered, if it hasn't done so already, in recognition of the delays in handling his complaint.

\* HM Revenue & Customs requires Wise to take off tax from this interest. Wise must give Mr V a certificate showing how much tax it's taken off if he asks for one.

### **My final decision**

I uphold Mr V's complaint and require Wise Payments Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr V to accept or reject my decision before 16 September 2024.

Sam Wade  
**Ombudsman**