

## **The complaint**

Ms M has complained that Wise Payments Limited (“Wise”) failed to protect her from falling victim to an impersonation scam and hasn’t refunded the money she lost.

## **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.

Ms M has explained that she was contacted by phone on 19 March 2024 by an individual (“the scammer”) claiming to be from His Majesty’s Revenue and Customs (“HMRC”). The scammer told Ms M she had an outstanding tax balance and that they’d previously tried to contact her by post, but the letter had been returned because she wasn’t home to receive it. She’s explained she was told that her case was due to be heard that day in the Court of Appeal and that they would transfer her call to the court so she could explore options to avoid an investigation. Ms M was directed to search for the court’s official website and was told which group her case fell under so she could verify the phone number she was given.

After being transferred, Ms M was told she could either pay £5,000 to have her case investigated – potentially getting her money back if she was found to be at no fault – or risk a higher penalty and possible time in prison if she chose to contest the matter and was later found liable. She decided to make the payment and was guided to set it up through Wise.

Ms M explains that in order to make the payment she sent funds from her high street bank account to her Wise account. She says she wasn’t able to pay the alleged debt from her Wise account in pounds, so she completed it in euros, transferring €5,911.81, including fees, to an account in her own name. She says she briefly saw a message suggesting that some of the payee details didn’t match, but the payment was still processed within seconds. Ms M also says the scammers attempted to persuade her to make further payments, but these were blocked. Ms M has explained that when the caller became aggressive she realised she’d been scammed and called the police.

Ms M also contacted both her bank and Wise immediately to try to recover the money. She says that Wise refused to begin an investigation without a full police report. When she had a report, following a meeting with the police, Ms M sent Wise the police report number, as the officer had told her this would be sufficient for banks to access the report. But she says Wise said a report number wasn’t enough and that it needed the full report. Ms M explained that she hadn’t been given a copy of the report and couldn’t provide one, but Wise maintained its position and refused to help.

Ms M made a complaint to Wise on the basis that it should’ve been more cautious when processing her payment, as the system flagged a mismatch in the payment details but still allowed the transaction to proceed without further checks or warnings. She also feels Wise was unhelpful in refusing to assist her without a full police report, even though she had provided the report number.

Wise didn't uphold Ms M's complaint. In its response it said Ms M was responsible for verifying the legitimacy of the party she sent the payment to. It also said it told her the payee's details didn't match what she'd entered, but she chose to proceed with the payment regardless. Finally, Wise said it wasn't responsible for the fraudulent payment as the payment was made from an external bank account, as opposed to Wise.

Ms M remained unhappy so she referred the complaint to this service.

Our investigator considered everything and didn't think the complaint should be upheld. She explained that she didn't think Wise ought to have intervened before the payment was sent, as it was made from Ms M's external account, but through Wise. She also explained she didn't think the payment showed sufficient risks that Wise ought to have been suspicious of it.

As Ms M didn't accept the investigator's opinion, the case has been passed to me to make a decision.

### **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 disappoint Ms M but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Ms M authorised these payments from leaving her account. It's accepted by all parties that Ms M gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with the terms and conditions of Ms M's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

I'd like to start by setting out that I've seen all of the evidence Ms M has provided – it's clear she's been the victim of a sophisticated scam. Unfortunately criminals are using more advanced techniques to carry out scams, including number spoofing (displaying the phone number of an official organisation) to make scams appear legitimate, which is what appears happened to Ms M.

Although Ms M's Wise account was new, and the scam payment was sent via that account, I'm satisfied that Wise didn't process the payment by first crediting Ms M's account and then transferring the money. Instead, it appears that Wise facilitated the transaction by making a currency conversion from Ms M's external account, before sending it to the scammer. This wouldn't be considered suspicious because Wise is a currency exchange service, so it's not unusual for its customers to use it in this way – as opposed to holding an account and transacting directly from that account. And with this in mind, it's not unreasonable that Wise wasn't monitoring Ms M's account for unusual activity in the way I might've expected it to in a more typical payment journey, such as if the payment had been funded by Ms M's balance held in her Wise account.

In addition, when Ms M opened her Wise account, she gave the purpose as “sending money to friends and family”. I understand she’s said this was under the guidance of the scammer, but I wouldn’t have expected Wise to know that, so it would’ve been reasonable for Wise to consider the account activity as inherently less risky than, for example, making investments. And even if Wise had been looking for scam risks, there weren’t any strong indicators that the payment was suspicious. Whilst I certainly accept that £5,000 is a significant amount of money, it was reasonable for Wise to process the payment without intervention in the absence of any other obvious concerns or fraud risks – such as multiple very quick transactions or a sudden change in behaviour – that might’ve caused suspicion. Given this, I think it was reasonable that Wise didn’t intervene.

I note Ms M’s point that Wise should’ve blocked the payment because the “confirmation of payee” (CoP) result didn’t match the details she’d entered, and she says she saw a small warning she assumed to be a routine message at that point. Whilst I understand why Ms M has raised this, the CoP system isn’t designed as a security measure for payment providers; it’s a checking mechanism to help consumers decide whether to go ahead with a payment. Ms M saw the warning but chose to proceed, so I can’t say Wise acted unfairly by following Ms M’s instruction and allowing the transaction to be made.

Finally, I note Ms M’s point that Wise may be performing less checks than necessary in order to facilitate more payments, and collect the associated fees, focussing on its commercial goals rather than protecting its customers. She also says that Wise should refund the fees it collects for payments which are later found to be scam-related, so as to ensure it’s not benefiting from facilitating scam payments.

I understand why Ms M feels this, and I’ve thought carefully about it, but there will always be a line to draw between payments that show enough signs of risk for an intervention to be required, and those that are allowed to proceed without any friction. As I’ve explained above, in the particular circumstances of this case, I don’t deem the payment showed sufficient signs of risk that Wise ought to have been suspicious and therefore intervened before allowing it to proceed. In relation to Ms M’s additional point, it’s not within my remit to comment on Wise’s practice of how it collects fees, or whether it should refund them to scam victims. I also don’t agree with Ms M’s point that the fact Wise earns money through fees is suspicious. Wise is a commercial organisation based on currency conversion and payment services and as such, the fees it charges for those services are part of its business.

I do understand this isn’t what Ms M wants to hear but I hope my explanation gives her some comfort that I’ve carefully thought about her point.

### Recovery of the funds

I’ve seen that Ms M is unhappy that Wise didn’t act quickly enough to recover her money, as it said it required a police report before doing so.

The evidence provided by Wise shows that it contacted the beneficiary’s bank two days after Ms M reported the scam. As it didn’t receive a response, it followed up three more times over the following two months, but it again didn’t receive responses to its contact.

Whilst this is disappointing, there’s nothing more I’d have expected Wise to do in this situation, as it attempted recovery within a reasonable time period of the scam having taken place. In addition, the receiving bank has provided evidence to show that the fraudulently obtained funds were removed from the beneficiary’s account within 10 minutes of receipt, so it’s very unlikely recovery would’ve been successful, no matter how quickly Wise had acted.

I'm very sorry that Ms M has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Wise responsible for that.

### **My final decision**

I don't uphold Ms M's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms M to accept or reject my decision before 7 April 2025.

Sam Wade  
**Ombudsman**