

## **The complaint**

Mrs K complains that Wise Payments Limited (“Wise”) hasn’t protected her from losing money to an investment scam.

## **What happened**

The background to this complaint is well known to both parties, so I won’t repeat everything here. In brief summary, Mrs K has explained that in November 2023 she made a transfer of £5,000 from her Wise account for what she thought was a legitimate investment. Mrs K subsequently realised she’d been scammed and got in touch with Wise. Wise didn’t reimburse Mrs K’s lost funds, and Mrs K referred her complaint about Wise to us. As our Investigator couldn’t resolve the matter informally, the case has been passed to me for 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 very aware that I’ve summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I’ve focused on what I think is the heart of the matter. If there’s something I’ve not mentioned, it isn’t because I’ve ignored it; I haven’t. I’m satisfied I don’t need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

I’ve decided to not uphold Mrs K’s complaint for materially the same reasons as our Investigator. I’ll explain why.

I don’t doubt Mrs K has been the victim of a scam here. She has my sympathy. Ultimately, however, Mrs K has suffered her loss because of fraudsters, and this doesn’t automatically entitle her to a refund from Wise. It would only be fair for me to tell Wise to reimburse Mrs K her loss (or part of it) if I thought Wise reasonably ought to have prevented the payment in the first place, or Wise unreasonably hindered recovery of the funds after the payment was made; and if I was satisfied, overall, this was a fair and reasonable outcome.

## Prevention

I'm satisfied Mrs K authorised the relevant payment. Wise would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mrs K is presumed liable for the loss in the first instance, in circumstances where she authorised the payment. However, this isn't the end of the story. Good industry practice was that Wise ought to have been on the look out for transactions that were unusual or uncharacteristic to the extent that they might indicate a fraud risk. On spotting such a payment instruction, I would expect Wise to intervene in a manner proportionate to the risk identified.

Mrs K had only just opened her account with Wise on 9 November 2023. So Mrs K didn't have a material account history for Wise to tell whether the payment on 14 November 2023 for £5,000 would be unusual or uncharacteristic for her account. This didn't absolve Wise of its responsibilities to appropriately intervene in scam payments though. And I think that given the size of the transfer, and the fact that it was to a new payee, Wise ought to have intervened and provided Mrs K with a warning about scams.

In this case, however, I can see that Wise *did* intervene before it followed Mrs K's instructions to make the transfer: Wise has provided information from which I'm satisfied that when Mrs K initiated the payment instruction, Wise would've shown her a screen which said: "*Protect yourself from scams. This could be a scam. Tell us what this transfer's for, and we can give you advice*"; and Mrs K was asked to pick what the transfer was for from the following options:

*"Sending money to yourself"*

*"Sending money to friends and family"*

*"Paying for goods or services"*

*"Paying a bill (eg utilities or tax)"*

*"Making an investment"*

*"Paying to earn money by working online"*

*"Something else"*

Wise has provided information showing Mrs K chose the option "*Sending money to friends and family*", and that, based on this, Wise would've then shown Mrs K warnings about possible scams like that.

Mrs K nevertheless chose to proceed with the transfer. And I don't think I can fairly say Wise's intervention was unreasonable. Mrs K's Wise account had only just been opened, so Wise didn't have a material account history in which to yet measure whether Mrs K's payment instruction was uncharacteristic or unusual for the account. But nevertheless, presumably given the amount it was for and the fact it was for a new payee, Wise *did* intervene, and it tried to provide Mrs K with a written warning tailored to the types of scams she might be falling victim to. But Mrs K didn't give Wise an accurate answer to its question about what the payment was for – she said it was for friends and family (which aligned to the purpose she'd told Wise, when she opened the account, that her account was opened for), rather than for an investment. The details of the payment (the beneficiary) didn't exactly align with this, and given this, if the payment was for an even larger amount here, I might have found Wise reasonably ought to have gone further than it did here. But I have to be fair. Since 31 July 2023, under the FCA's Consumer Duty, regulated firms like Wise must act to deliver good outcomes for customers and must avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so. But Wise's ability to effectively warn Mrs K did depend here, not unreasonably, on her giving an accurate answer to its questioning about the purpose of her payment. And there are

many payments made by customers each day and there's a balance to be struck between appropriately intervening in payments before following the customer's instructions to make them, and minimising disruption to legitimate payments (allowing customers ready access to their funds). Wise intervened in this payment and gave warnings based on how Mrs K interacted with it. She told Wise the payment was for friends and family, which was the reason she'd already given Wise for opening her Wise account in the first place. And overall, whilst I note the points Mrs K and her representative have made, I think in this instance I can't fairly say Wise acted unreasonably. I'm persuaded that its intervention was proportionate enough in this instance, and that it therefore did not unreasonably fail to prevent Mrs K's loss of this payment.

### Recovery

I've considered whether Wise unreasonably hindered recovery of the funds after the payment was made. But I'm not persuaded it did. When Mrs K contacted Wise in January 2024 to report that she'd been scammed, Wise contacted the beneficiary bank to try to recall her payment, but unfortunately Wise didn't receive a response from the beneficiary bank so no funds were available to be returned to Mrs K. Unfortunately, if the beneficiary bank doesn't respond, there wouldn't reasonably be anything further Wise could've done here. I also note that unfortunately it's common in cases like this for funds to be spent from the recipient account promptly (presumably to frustrate recovery attempts), and given the amount of time between Mrs K's payment being made and her reporting that she'd been scammed, it would be unlikely any funds were left anyway.

I'm sorry Mrs K was scammed and lost this money. She has my sympathy. However, I can't fairly tell Wise to reimburse her in circumstances where I'm not persuaded it reasonably ought to have prevented the payment or to have recovered it.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs K to accept or reject my decision before 30 October 2024.

Neil Bridge  
**Ombudsman**