

## The complaint

Mr W is being represented by solicitors. He's complaining about Wise Payments Limited because it declined to refund money he lost as a result of fraud.

## What happened

Sadly, Mr W fell victim to a cruel job scam. He was approached online and offered a role that required him to purchase tasks for which he'd be paid upon completion. As the scam progressed, he was asked to pay more money to access more tasks until he realised he'd been scammed.

Mr W opened his Wise account on 20 October 2023 to facilitate payments for the job tasks and made the following transfers to the Wise accounts of other individuals that were lost to the scam:

No	Date	Amount £
1	21 Oct	2,500
2	23 Oct	3,250
3	24 Oct	2,645
4	27 Oct	3,100
5	17 Nov	2,580
6	23 Nov	2,570
7	24 Nov	255
8	25 Nov	1,795
9	27 Nov	750
10	28 Nov	301
11	20 Nov	258

Our investigator didn't recommend the complaint be upheld. He didn't think the payments warranted further warnings over and above those that Wise gave, noting that Mr W hadn't answered accurately when he was asked about the purpose of the payments.

Mr W didn't accept the investigator's assessment. It said the volume of payments and the amount being transferred should have alerted Wise to the possibility of fraud and that the warnings it provided weren't adequate in the circumstances, particularly as these events took place after the introduction of the Consumer Duty.

The complaint has now been referred to me for review.

## 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.

Having done so, I've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint.

This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr W authorised the above payments.

There are, however, some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr W.

### *The payments*

One of the key features of a Wise account is that it facilitates payments that often involve large amounts and sometimes to overseas accounts. I'm also conscious this was a new account and there was no history of past activity against which these payments might have looked suspicious.

This notwithstanding, Wise has confirmed that for payments 1 to 9 above it did ask Mr W in the app to confirm the reasons for the payments. He was shown a list of options that included "*paying to earn money by working online*", which is consistent with what was actually happening. But instead, on each occasion, he selected that he was "*sending money to friends and family*". Mr W has since confirmed, and his chat history shows, that he was encouraged by the scammer to answer in this way to ensure the payment went through.

In response to the answer it received, on each occasion, Wise then showed some warning screens that related to that answer, including asking him whether he'd actually met the person he was transferring to and whether the request for money was unexpected. I'm satisfied these were reasonable warnings for Wise to have shown based on the information it had been given.

I've thought carefully about what type of warning should have been provided in this situation. On balance, and based on what it knew about the payments at the time it received Mr W's instructions, I think a tailored written warning of the type attempted by Wise was proportionate to the risks presented by the payments. I don't think a human intervention of the type Mr W's representative seems to believe should have taken place was necessarily warranted here. I say that because each payment was relatively low and they were spaced out over a period of time.

Ultimately, the warnings provided weren't effective in stopping the scam but I think this was due to the fact Mr W didn't answer the questions he was asked accurately rather than any deficiency in Wise's interventions. If Mr W has said he was paying money for work online, Wise has confirmed different warnings would have been shown that related specifically to job scams. Had such warnings been shown, they may have resonated with Mr W and been successful in stopping the scam.

There's no record of any further warnings being provided in connection with payments 10 and 11. But these were much lower in value than those that had gone before and I don't believe Wise should have suspected these payments indicated Mr W may be at risk of harm from fraud.

Based on the circumstances of the transactions and what it knew and had been told by Mr W at the time, I'm persuaded the actions Wise took were proportionate to the risks associated with the payments. I wouldn't have expected it to have intervened further in these circumstances. So, I can't say it was at fault for processing the payments in accordance with Mr W's instructions.

I've noted the comments of Mr W's representative about the Financial Conduct Authority's Consumer Duty and I've taken account of Wise's obligations following its introduction, but I'm not persuaded this changes the outcome here. While Wise was expected to avoid causing him foreseeable harm, I'm not persuaded its actions (or failure to act) were the cause of the harm he suffered, nor do I think that harm was reasonably foreseeable given the information that was available to Wise at the time.

I want to be clear that it's not my intention to suggest Mr W is to blame for what happened in any way. He fell victim to a sophisticated scam that was carefully designed to deceive and manipulate its victims. I can understand why he acted in the way he did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of his losses.

### *Recovery of funds*

I've also looked at whether Wise could or should have done more to try and recover Mr W's losses once it was aware that the payments were the result of fraud.

Wise has confirmed that it has managed to recover a very small amount that it can return to Mr W if he provides relevant bank details. But it says it wasn't notified of the fraud until January 2024, several weeks after the last of the payments on 30 November 2023. It's a common feature of this type of scam that the fraudster will move money very quickly to other accounts once received to frustrate any attempted recovery and I don't think anything that Wise could have done differently would likely to have led to those payments being recovered successfully after this period of time.

### *In conclusion*

I recognise Mr W has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

### **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 W to accept or reject my decision before 27 March 2025.

James Biles  
**Ombudsman**