

## **The complaint**

Mrs J is unhappy Wise Payments Limited (“Wise”), won’t reimburse her for the money she lost when she fell victim to an ‘authorised push payment’ (“APP”) rental accommodation scam.

Mrs J has been represented in bringing her complaint – but for ease, I’ll refer to Mrs J throughout this decision.

## **What happened**

The details and facts of this case are well-known to both parties, so I don’t need to repeat them at length here. Based on the submission of both parties, I understand them to be as follows.

In summary, on 25 April 2023, Mrs J – through Wise – made an international transfer for €3,650 (£3,263.13) for what she believed was genuine accommodation abroad in a country where Mrs J was intending to stay with her family for her holiday.

Mrs J says she had found the accommodation on a well-known rental accommodation website but was told the payment for the accommodation had to be made directly. Mrs J used her credit card (held at her banking provider) to fund the transfer.

Unfortunately it was a scam, and Mrs J had in fact paid money to a fraudster.

Mrs J, after discovering she had been the victim of a scam, contacted her bank initially and then subsequently Wise, in August 2023, to report the matter and to see if it could recover her funds. Mrs J had concerns Wise didn’t do enough to prevent her falling victim to fraud or recover the funds.

Ultimately Wise advised that it had tried to recover the funds from the overseas beneficiary bank, but it had been unsuccessful as no response was received. It also advised that it was unable to provide reimbursement as Mrs J had authorised the payment, it provided a relevant warning, and it followed its legal and contractual obligation to process the payment.

Unhappy that her funds were unable to be recovered, and that she wasn’t reimbursed for the funds she had lost, Mrs J referred the matter to our service.

Our Investigator reviewed everything and didn’t recommend the complaint be upheld. They didn’t think Wise ought to have done more to identify the payment as potentially fraudulent in the circumstances or have a cause for concern that Mrs J was at risk of financial harm or was falling victim to a scam. So they didn’t think Wise needed to step in and intervene (through staff/human interaction) about the payment. They also considered that Wise had attempted to recover the funds but ultimately it never received a response from the overseas beneficiary bank – so it couldn’t do anything further to help Mrs J recover any funds.

Mrs J disagreed with the Investigator's opinion. Broadly summarised, Mrs J considered that the payment was unusual, and Wise should have taken further steps to verify its legitimacy. Mrs J accepted that the payment wasn't covered by the 'Contingent Reimbursement Model' ("CRM Code") but considered Wise still had an obligation to protect its customers from fraud. Mrs J also advised that there was no intervention or warning from Wise about the potential risk of the transaction.

As the matter wasn't resolved, it was referred to me to review and make a final decision on the outcome of Mrs J's complaint.

I considered the complaint and issued a provisional decision. Within that, I reached the same conclusion as our Investigator, but provided some additional reasoning.

In summary, I thought Wise's decision not to refund Mrs J in this instance was fair and reasonable in the circumstances. I couldn't fairly or reasonably say that Wise were liable in some way.

I said this because Wise followed Mrs J's instructions to make the payment having provided a warning, which I considered was an appropriate level of intervention given the value of the payment and the potential risk it identified. And I had not seen any reason why it shouldn't have carried out Mrs J's instruction to make the payment and question her further, and directly, about the payment.

And unfortunately, Wise wasn't able to recover the funds or do anything to help Mrs J further as the overseas beneficiary bank didn't respond to Wise's recovery attempt.

Both parties had until 6 September 2024 in which to respond to my provisional decision and provide any more comments and evidence they wished for me to consider.

Mrs J, through her representatives, accepted the findings within my provisional decision. And Wise didn't respond.

So neither party responded to my provisional decision with any further evidence or comments for me to consider.

### **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, and as neither Mrs J nor Wise have provided me with anything further to consider, I see no reason to depart from my provisional findings.

So for completeness, I'll reiterate and confirm those provisional findings below.

*"I'm very aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Wise should have done more to prevent Mrs J's losses. 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 an alternative to the courts."*

*Having done so, I'm not upholding Mrs J's complaint. I know this outcome will disappoint Mrs J. She was the innocent victim of a cruel and sophisticated scam and lost a considerable amount of money that she thought was for holiday accommodation for her and her family. But in weighing everything up, I don't think I can fairly say Wise should reimburse her or are liable in some way. I'll explain why.*

*In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.*

*In broad terms, the starting position at law is that a money transfer / payment service provider (in this case, Wise as an authorised Electronic Money Institution "EMI") is expected to process payments that a customer authorises it to make, in accordance with the terms and conditions.*

*It is the case that Mrs J authorised the payment in dispute and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mrs J is responsible for the payment. That remains the case even though Mrs J was the unfortunate victim of a cruel scam and was duped into authorising the payment.*

*There are times when, dependent on the payment, I might expect a payment service provider / EMI to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Wise) should fairly and reasonably have been on the lookout for the possibility of fraud in order to protect its customers from fraud.*

#### *What does this mean for Mrs J?*

*In this case, I need to decide whether Wise acted fairly and reasonably in its dealings with Mrs J when she made the payment, or whether it should have done more than it did.*

*I've thought about this carefully. And in doing so, it is important to take into consideration the purpose that customers use payment service providers / EMI's such as Wise for. The primary purpose is to send payments, often in a particular currency, abroad. Payments can be for a range of reasons and can also range from one-off low amounts, consistent amounts weekly / monthly, to larger one-off payments.*

*When Mrs J used Wise to make a payment in euros, I can't fairly say that there was anything unusual or remarkable about the payment, or the amount, that reasonably ought to have alerted Wise to the possibility Mrs J was potentially at risk of financial harm, where I would expect Wise to have concerns whereby it ought, fairly and reasonably, to have stepped in and directly question Mrs J further about the payment. So I don't consider Wise acted unfairly by not flagging Mrs J's payment for further direct questioning or additional checks.*

*I also note that Wise, did provide a warning at the time Mrs J made the payment. Mrs J has said that Wise didn't provide any warnings. And I suspect it may be that, due to the passing of time since the event, Mrs J may not recall exactly the process she followed when making the payment – which is understandable. But Wise has evidenced that it asked Mrs J the payment purpose at the time of making the payment, with Mrs J selecting 'paying for goods or services'.*

*The automated warning flow then asked, "Are you buying from a site like eBay, Airbnb, or Facebook Marketplace?"*

*Mrs J answered yes to this question – with Wise proceeding to advise “Stop – this sounds like a scam” and that “Scammers selling fake goods and services may ask you to transfer money using a different provider, so you’re less protected. It’s hard to get your money back once you send it. So cancel this transfer and pay directly.”*

*Mrs J proceeded to continue with the transfer and was then asked if she had read any reviews about the seller or company with Mrs J selecting ‘no’ with Wise advising to “Always check independent, verified reviews before buying anything online. It’s hard to get your money back once you send it. So if you can’t find reviews, it’s best to cancel this transfer.” Mrs J proceeded to continue with the transfer.*

*I consider this level of intervention – so a warning which was broadly relevant to the type of scam Mrs J was potentially at risk of, was proportionate and Wise didn’t need to do more here. I don’t consider there were grounds for Wise, having provided a warning in relation to the payment purpose Mrs J had selected, to be suspicious Mrs J may be a victim of fraud at the time she was making the payment whereby I would expect it to intervene further than it did and carry out further additional checks.*

#### Wise’s attempt to recover the funds

*Wise did reach out to the overseas beneficiary bank, when it was notified by Mrs J of the scam, but unfortunately it never received a response. Wise was limited in terms of what it could do here. It could only reach out the beneficiary bank – but it has no powers to further enforce a response if the overseas beneficiary bank chooses not to reply, which was sadly the case here. So Wise wasn’t able to do anything further to help Mrs J recover her funds.*

#### Summary

*I’m very sorry to hear of what’s happened to Mrs J. She sent her money in good faith for what she believed was for accommodation for her and her family’s holiday, and she did not receive anything in return for it. But overall, while I appreciate Mrs J’s been the unfortunate victim of a scam, I think Wise’s decision not to refund her in this instance was fair and reasonable in the circumstances. And I don’t think I can fairly or reasonably say Wise are liable in some way. I say this because it followed Mrs J’s instructions to make the payment having provided a warning, which was an appropriate level of intervention given the value of the payment and the potential risk it identified. And I haven’t seen any reason why it shouldn’t have carried out Mrs J’s instruction to make the payment and question her further, and directly, about the payment. And unfortunately, Wise wasn’t able to recover the funds or do anything to help Mrs J further as the overseas beneficiary bank didn’t respond to Wise’s recovery attempt.”*

I am sorry to disappoint Mrs J, she was the victim of a cruel scam and lost money to the scammer. However as explained, I can’t fairly say Wise should have prevented the loss here and therefore aren’t liable to reimburse her. And unfortunately, Wise wasn’t able to recover the funds or do anything to help Mrs J further, as the overseas beneficiary bank didn’t respond to Wise’s recovery attempt.

#### **My final decision**

For the reasons given above and in my provisional decision, I don’t uphold this complaint.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mrs J to accept or reject my decision before 11 October 2024.

Matthew Horner  
**Ombudsman**