

## The complaint

Mr K has complained that Wise Payments Limited (“Wise”) failed to pick up on unusual payments from his account which led to him becoming the victim of a scam.

## What happened

I set out the background to this complaint, as well as my provisional findings, in my provisional decision dated August 2024. In my provisional decision I explained why I didn’t think Wise was responsible for the payments Mr K made as part of a scam, but I thought it should refund Mr K some of the funds it should’ve attempted to recover.

I invited both parties to provide any further comments or evidence before I made my final decision. Both Mr K and Wise sent comments for me to consider.

An extract of my provisional decision is below. I’ve explained the further comments made by both parties, and my thoughts on them, in the next section.

### ***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.*

*Mr K explains that he was contacted by an individual (“the scammer”) posing to be from an employment agency, offering Mr K a job opportunity. Mr K says that he didn’t find this unusual as he was actively looking for a job at the time. Mr K expressed an interest in the role, and the scammer explained that the job involved rating mobile apps to make them more appealing to potential users and receiving commission in return. Mr K says he verified that the company the scammer said they worked for was legitimate using several sources, including the company’s own website, and he was told his employment contract would follow the next week. he didn’t receive an employment contract.*

*Mr K says he was added to a messaging group, and he also had support from the employer’s official customer support service. He was given access to a “work platform” where he also received some training on how to complete the tasks.*

*Mr K had to send funds, as cryptocurrency, to the supposed employer in order to prevent his account from falling into a negative balance, so he could continue working. He’s also explained that he initially received returns for the tasks he was completing which despite the payments he had to make, persuaded him this was a genuine opportunity.*

*Mr K made the following payments:*

| Date | Amount (inc. fee) |
|------|-------------------|
|------|-------------------|

|              |            |                   |
|--------------|------------|-------------------|
| 1            | 03/10/2023 | £22               |
| 2            | 03/10/2023 | £250              |
| 3            | 03/10/2023 | £1.93             |
| 4            | 03/10/2023 | £16.30            |
| 5            | 04/10/2023 | £52.08            |
| 6            | 04/10/2023 | £10               |
| 7            | 04/10/2023 | £1,267.56         |
| 8            | 04/10/2023 | £1,885.20         |
| 9            | 04/10/2023 | £3,047.68         |
| 10           | 05/10/2023 | £2,623.19         |
| 11           | 05/10/2023 | £7,574.05         |
| 12           | 05/10/2023 | £50.70            |
| 13           | 06/10/2023 | £4,160.83         |
| <b>Total</b> |            | <b>£20,961.52</b> |

*Mr K says he realised he'd fallen victim to the scam when he was asked to pay withdrawal fees and taxes before he had access to the money he'd earned.*

*Mr K made a complaint to Wise. He said his account was rarely used so these transactions were out of character for him. He said the frequent payments to new payees should've have been regarded as a drastic change in account behaviour by Wise. Wise didn't uphold the complaint as it said it had made the payments in line with Mr K's instructions, and in line with the terms and conditions of his account. Mr K wasn't satisfied with Wise's response, so he referred it to this service for an independent review.*

*Our investigator considered everything and thought the complaint should be upheld. She thought Wise should've done more to intervene when the ninth payment was made, due to the cumulative total and number of payments made. She recommended that Wise should refund half of the total value of the payments from the ninth payments onwards, as she also thought Mr K should've take some responsibility for his losses. Mr K accepted the investigator's opinion.*

*Wise didn't respond to the investigator's opinion so the case has been passed to me to make a decision.*

### ***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 although I'm upholding Mr K's complaint, I've made different findings and I think things need to be put right in a different way. So I'm giving everyone a chance to respond before I issue my final decision.*

*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 Mr K authorised these payments from leaving his account. It's accepted by all parties that Mr K gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with the terms and conditions of Mr K'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.*

*Wise says it didn't show any warnings or intervene at all for the first six payments that Mr K made. And I think that's reasonable. Mr K's account had been open for almost ten years and I can see from his transaction history that he intermittently sends payments abroad, for fairly modest amounts. Although the first six payments of this scam were sent in shorter succession than what I'd consider normal for Mr K's account, I don't think they were so out of character that Wise should've been suspicious or stepped in at that point.*

*When Mr K sent most of the following payments Wise asked him for the reasons he was making them. For the seventh, ninth and eleventh payments Mr K selected from a drop-down list "Making an investment". For payment eight he selected "Paying for goods and services" and for the thirteenth payment he selected "Sending money to yourself". There wasn't an option in this list related to paying to earn money, but there was an option to select "Something else". I note Mr K wasn't asked for a payment purpose for the tenth or the twelfth payments, but Mr K had already made payments to both of these payees within the previous two days so I think it's likely Wise assumed the same reason applied.*

*Following this, Wise showed Mr K warning screens specific to the reasons he'd selected for each payment.*

*Having considered this, I don't think Wise did enough to intervene from the ninth payment onwards. By the time Mr K sent this payment he'd have sent over £6,000 on the same day, all to new payees, and using funds that had recently credited his account. In addition, the frequency of the payments and the pattern of them increasing in value are tell-tale signs of a scam, so I think Wise should've identified this and taken steps to prevent Mr K from financial harm at that point.*

*However, in thinking about what Wise ought to have done, I also need to consider whether that would've made a difference to the overall outcome. That's to say if Wise had intervened more robustly, for example by connecting Mr K with one of its staff to ask Mr K further questions, whether the scam would've been uncovered and the payments wouldn't have been sent. And having thought carefully about this, I don't think that's the case here.*

*Before Mr K gave Wise each payments instruction it appears he sent the funds from his main bank account, which I'll say was held with bank "H". Our investigator contacted H to find out about any interventions H made before sending the funds to Mr K's Wise account. H said that several payments were blocked, and its specialist fraud team spoke to Mr K on the phone, and it also asked him to visit one of its branches before some of the payments were released.*

*I've listened to one of the calls between H and Mr K and Mr K was asked if anyone had contacted him out of the blue to make the payment, to which he responded "no, it's for my own business, I'll withdraw it when I see a profit". The representative at H went on to explain that people are sometimes contacted by scammers inviting them to invest, which Mr K acknowledged that he understood. Mr K was then passed to a cryptocurrency specialist at H, who*

*explained that the payments had been stopped for a security check, to verify they were firstly authorised by Mr K and secondly that nobody had contacted him or asked him to move the money. He responded "not at all".*

*H then gave Mr K some further information including "we feel your payments have a higher-than-normal risk of being fraudulent [...] Once it leaves it's gone [...] At the moment fraudsters are contacting customers with very convincing stories." H also highted that the Financial Conduct Authority (FCA) warns that cryptocurrency is a high-risk investment. H then asked Mr K if he has any other accounts, to which Mr K said he didn't, and H went on to ask whether this was the first time Mr K had used cryptocurrency, which Mr K said it wasn't.*

*H then explained "We want to make sure nobody has contacted you promising you can make a lot of money." To which Mr K responded "No, nothing, it's my own investment." The representative of H clarified "So it's all by yourself?" which Mr K confirmed, and he was also asked "Did anyone help you open your crypto account?" He replied "No, I opened it by myself." Mr K was then told he'd need to go into one of H's branches with identification, and all payments would be blocked until then. Once this was done, Mr K's payments were released and arrived in his Wise account, which he then sent on to the scammer.*

*It's clear that Mr K was determined to make the payments to his Wise account, and he misled H several times during its robust intervention phone calls in order to be able to do that. In addition to this, from the point the phone call with H ended, as Mr K also had to visit one of H's branches the next day, he had further time to pause and consider the warnings he'd been given, and reconsider whether to make the payments. As Mr K chose to proceed despite the warnings, I think even if Wise had intervened further and discussed the payments with Mr K, and given him clearer warnings, it's unlikely this would've been successful. I haven't seen any reason to believe Mr K would've given Wise different or more truthful answers to any questions he may've been asked, and based on what I've seen, I don't think further intervention by Wise would've "broken the spell" of the scam and encouraged Mr K not to make the payments that he ultimately made.*

*I've also considered whether there were any other warning signs that could've alerted Mr K to the fact he was being scammed, where he could've taken action to prevent his loss.*

*Having reviewed the transcripts between Mr K and the scammer it's clear to me that there were some doubts in Mr K's mind about what he was being asked to do. He mentioned several times that what he was being told sounded like a scam, but it seems he was persuaded by the scammer to continue to engage with them, and to continue making payments. I also note he's mentioned points such as "seems too good to be true" and "I'm not happy to spend money to earn more money".*

*I accept that Mr K didn't find it unusual for a recruiter to contact him out of the blue, as he says he was searching for a job at the time it happened. But it's very unusual for a recruiter to contact a prospective candidate and offer them a job through a messaging app, without having spoken to them. Mr K also hadn't received any kind of paperwork or employment contract showing what he thought he'd been offered, or what he'd agreed to do in return, by the time he started making payments to the scammers. This, as well as having to pay in cryptocurrency to earn money in return, isn't a plausible scenario, which Mr K*

*clearly also thought. I haven't been given any further information on why Mr K thought this was a legitimate employment opportunity, so I don't think Mr K did enough to protect himself from financial harm.*

### Recovery of the funds

*I agree with our investigator that Wise's attempts to recover the funds were insufficient. As our investigator noted, Wise didn't attempt recovery when Mr K first made it aware of the fraud on 6 October 2023, as it said it needed him to file a scam report. But I think Wise had enough information by that point to start the recovery process. Had it done so on that day it would've most likely been able to recover £112.78, which it has shown remained in the scammers' accounts at that point.*

*I'm very sorry that Mr K has fallen victim to this scam and although I'm proposing to uphold the complaint in part, I do understand that my decision will likely be disappointing. But for the reasons I've set out above, I'm not currently minded to hold Wise responsible for the majority of the money he lost, except for what it could've recovered and didn't.*

### **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 haven't changed my decision from what was set out in my provisional decision. I've explained why below, alongside the additional comments both parties made.

Mr K, via his representative, provided an extensive response to my provisional decision. I've considered the comments carefully although I haven't responded to every point individually as my provisional decision already addressed some of them.

In the response Mr K said that no effort was made by Wise to conceptualise the risks of the payments he was making, nor to ensure he understood the importance of providing Wise with accurate information. He's also highlighted that he's not a fraud expert and he therefore didn't understand why his payments were restricted.

Mr K's representative also said *"had these factors been adequately explained and contextualised as being red flags, it is likely that our client would have listened to the bank. This would have prevented him from making further payments and encouraged him to answer the bank's questions with honesty as the fraud risk had now been made clear in a way that had not been done before."* They also said *"There is no indication that our customer would have not been receptive to effective and tailored education and warnings relevant to his experiences that brought the scam to life"*.

I've thought very carefully about the comments Mr K and his representative have made, but I'm afraid they don't change my findings in this case. As I set out in my provisional decision, Mr K's other bank account provider, as well as Wise, made robust interventions and gave him clear warnings in relation to the payments that were being made. And as I've already explained in relation to the phone calls between Mr K and bank H, Mr K was dishonest despite the information and context he was given. So even if Wise had done more, I'm not persuaded this would've changed what happened in this case. I've seen nothing to persuade me that Mr K would've given different answers to Wise, regardless of what it asked, so I

think he'd still have made the payments and the outcome would therefore have been the same.

Wise also responded to my provisional decision in relation to the funds I said it could likely have recovered. It explained why it doesn't think it would've been able to recover the funds, even if it had acted sooner. Wise explained that the funds had gone to other Wise users' accounts and that those other users were likely also part of the scam (being scammed), albeit unknowingly, and they'd likely have thought they were selling cryptocurrency to the scammer, with Mr K's funds being the proceeds of those "sales".

I accept that Wise's explanation is possible, and that other innocent customers were unknowingly involved in the broader scam here. But this doesn't mean Wise shouldn't have attempted to recover the funds as soon as it was aware of the scam. I say this because despite Wise's explanation, there's also a chance Wise may've been able to recover the funds if it had acted sooner, as I set out in my provisional decision. So I maintain that Wise needs to refund Mr K this amount.

### **Putting things right**

To put things right I require Wise to:

- Pay Mr K the £112.78 that it could've attempted to recover sooner and;
- Pay 8% simple interest on this amount, from 6 October 2023 account until the date of settlement\*.

\*If Wise considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr K how much it's taken off. It should also give Mr K a tax deduction certificate if he asks for one.

### **My final decision**

I uphold Mr K's complaint in part against Wise Payments Limited and require the business to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 14 October 2024.

Sam Wade  
**Ombudsman**