DRN-5056229

The complaint

Ms S is unhappy that Wise Payments Limited will not refund £5,270 that she lost as the result of an Authorised Push Payment (APP) scam.

Ms S brought her complaint to this service through a representative. For ease of reading I will refer solely to Ms S in this decision.

What happened

As both parties are familiar with the details of the scam I will not repeat them in full here. In summary, Ms S fell victim to a job/task scam. She had to pay funds in cryptocurrency to access the tasks and earn commissions. She made the following four faster payments to three different accounts held at Wise for peer-to-peer cryptocurrency purchases.

payment	date	value
1	07/02/2023	£600
2	07/02/2023	£300
3	09/02/2023	£2,000
4	10/02/2023	£2,370

Ms S realised she had been scammed when she kept being asked to deposit more funds before she could make any withdrawals. She reported the scam to Wise on 21 March 2023.

Ms S says Wise did not do enough to protect her money, it ought to have intervened at the time of payment 1 as it was to a well-known cryptocurrency exchange. Wise says it had no reason to believe the transfers were not legitimate at the time.

Our investigator did not uphold Ms S's complaint. She found there was no reason for Wise to intervene in any of the transfers. And the funds had left the recipients' accounts when Ms S reported the scam so it could not recover any of her money.

Ms S disagreed with this assessment and asked for an ombudsman's review. At this stage she said a pattern of fraud had emerged by the time of the last payment, and Wise could have prevented this payment.

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.

In broad terms, the starting position at law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account. And it is not in dispute here that Ms S authorised these payments.

But, taking into account relevant law, regulator's rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in February 2023 that Wise should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams;
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving and the different risks these can present to consumers, when deciding whether to intervene.

In this context I do not find that Wise can be held liable for Ms S's losses. I'll explain why.

Ms S opened her account with Wise on 3 January 2023. She said the account purpose was 'investing'. But Wise had a limited account history. In the time the account had been open Ms S transferred funds every few days to a number of different payees and equally received credits from a range of payers.

Ms S initially said Wise ought to have intervened at the time of payment 1 as it was to a well-known cryptocurrency. This is inaccurate, it was to a limited company that is listed at Companies House as being involved in retail, wholesale and IT consultancy and services. She then argued that Wise ought to have intervened at the time of payment 4 as by then a pattern of fraud had emerged.

I disagree. By then Ms S had made four payments over three days to three different existing Wise accounts. One was a business, the other two were individuals. So there was no obvious link between, or concerning information about, the recipients. They were all verified Wise accounts with no history of fraud-related incidents. I accept payments 3 and 4 were higher than Ms S's typical spend but the account history was limited, and an occasional higher-value payment is not uncommon and not, in itself, indicative of an elevated risk. We may know now that Ms S was making peer-to-peer cryptocurrency purchases but this was not information available to Wise at the time.

In the round, I don't think Wise acted unreasonably in processing any of the payments without making further enquiries. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments. If all payments such as the ones Ms S made were blocked while further enquiries were made, many genuine payments would be stopped which would cause significant disruption and delay.

In terms of recovery once Ms S had reported the scam, as the money Ms S had sent had left each of the recipient accounts there was nothing Wise could reasonably do to retrieve any of the funds.

This means I am not instructing Wise to refund any money to Ms S. This is a difficult decision to make, I'm sorry Ms S lost a considerable amount of money which was distressing for her. I can understand why she would like to be compensated for her losses. And I do accept Ms S has fallen victim to a sophisticated scam. But I can only consider whether Wise, which had no involvement in the scam itself, should be held responsible for what happened.

For the reasons set out above I do not find Wise can be held liable in the circumstances of this case.

My final decision

I am not upholding Ms S's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 28 May 2025.

Rebecca Connelley
Ombudsman