

The complaint

Mr W is being represented by a claims manager. 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 sophisticated job scam, whereby he thought he was paying money to access to online tasks for which he'd be paid when they were completed. Mr W says he was approached through WhatsApp by someone who claimed to be a recruiter and then introduced him to the scammer. As the scam progressed, Mr W was asked for more and more money to access tasks and pay fees and taxes before he stopped paying.

As part of the scam, Mr W was advised to set up a new account with Wise. He made the following payments to other Wise account holders as part of the scam, all of which purchased cryptocurrency that was then transferred to the scammers:

No	Date	Amount £
1	22 Nov 2023	50
2	23 Nov 2023	15,400
3	23 Nov 2023	6,000
4	24 Nov 2023	5,000
5	25 Nov 2023	4,800
6	1 Dec 2023	4,000

Our investigator didn't recommend the complaint be upheld. While he felt Wise should have done much more to question Mr W about the purpose of the, he didn't think such an intervention would have actually prevented him from continuing. In reaching this conclusion, he referred to a number of call recordings obtained from two of the banks Mr W had used to transfer money to Wise to fund the scam. During these calls, Mr W consistently answered questions about the purpose of the payments inaccurately.

Mr W didn't accept the investigator's assessment and his representative made the following key points:

- Wise should have identified the activity on Mr W's account was concerning and a human intervention was warranted.
- Wise should then have asked open and probing questions based on its knowledge of common types of scam. It also shouldn't have taken Mr W's initial answers at face value as it knew many victims are coached by scammers about how to answer such questions.
- Mr W's banks didn't scrutinize his answers closely enough and their interventions should be seen as indicative of what would have happened if Wise had contacted him. There were gaps in Mr W's story and Wise should have been able to identify these and uncover the scam.

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 money transfers, often involving large amounts and sometimes to overseas accounts. Nonetheless, having considered what Wise knew about the above payments at the time it received the Mr W's instructions, I think it ought to have been concerned he might be at risk of harm from fraud by the time of payment 2.

It's not clear Wise knew Mr W was purchasing cryptocurrency, but the amount of payment 2 was significant and he'd only just opened the account, meaning it had no previous account history from which it could conclude this was normal activity. The fact Mr W then went on to make three more transfers very shortly afterwards, meaning he'd transferred over £30,000 in just three days, in my view only supports the conclusion that Wise should have contacted him at some point, either by phone or using its in-app chat, to discuss the circumstances of the payments with a view to establishing whether he was falling victim to a scam.

My decision on this complaint ultimately turns on whether I believe such an intervention from Wise would have been successful in preventing Mr W continuing with the payments and I've thought carefully about whether this would have made a difference to the final outcome.

In reaching a decision on this issue, I think the evidence from two of the banks Mr W held accounts with relating to their attempts to question the reason he was transferring money to Wise are relevant and give some indication of how he may have responded to further questioning from Wise.

The banks have provided four call recordings dated between 22 and 25 November 2023 in which their staff questioned Mr W about the transfers to his Wise account. This complaint is about Wise and it's not appropriate for me to reach conclusions about the adequacy of the actions of other banks here. But in each call, the bank's agent did ask a series of open and probing questions about Mr W's reasons for transferring money to Wise.

Throughout the calls, Mr W provided consistently inaccurate answers. On many occasions, he said nobody had helped him set up his Wise account or asked him to transfer money to it. He said the money was ultimately to fund home improvements and he wanted to move it to another account offering a better rate of interest in the meantime, until he was ready to start work. The agents also told Mr W on more than one occasion that scammers sometime ask victims to make payments over consecutive days, but Mr W repeated that no one had asked him to make the payments.

From reading the messages between Mr W and the scammer that have been provided, it seems Mr W was being carefully coached through the whole process and I note he asked the scammer to advise him what he should say when Wise asked him why he was setting up the account for example. But whatever the reason for this, it seems he was set on not disclosing the real reasons for the payments he was making. And if he wasn't willing to do that, it's difficult to see how Wise could reasonably have identified the type of scam that was taking place, so it could provide a clear and tailored warning to that effect, or done any more to prevent him proceeding than his banks had already managed.

I also note Mr W began to route money differently following three conversations with the fraud team from one of the banks. After this, he transferred money from that bank to a second bank before transferring it to Wise. When the second bank asked him why he hadn't transferred his money straight to Wise, he essentially said this was because its fraud team kept contacting him. I think the fact he tried to make the payments to the scammer using a different approach further evidences Mr W's determination to make them.

Mr W's representative has explained why he was taken in by the scam. In addition to online searches of the legitimate company the scammers were posing as and regular contact with the scammer, he was added to a chat group with others who purported to be completing the role successfully. Further, he was actually able to make small withdrawals at the start. His representative says these were all factors that helped convince Mr W this was a genuine job opportunity. I think this belief, along with the influence exerted by the scammer, are what prompted him not to co-operate with his bank's enquiries and would most likely also have meant any attempted intervention by Wise was unsuccessful in stopping the scam.

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.

Finally, 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 would have been available to it if it had intervened.

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 said that Mr W didn't report the fraud until 17 December 2023, more than two weeks after the last payment. It's a common feature of this type of scam that the scammer will move money very quickly to other accounts once received to frustrate any attempted recovery. Wise has said that save for £41 remaining in one, which was returned to Mr W, the accounts had all been emptied at this point and his money could not be returned. In the circumstances, 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 don't think any further intervention by Wise would have made a difference to the eventual outcome 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 24 February 2025.

James Biles
Ombudsman