

The complaint

Mrs R has complained that Wise Payments Limited (trading as “Wise”) failed to protect her when she fell victim to a romance scam.

What happened

I issued my provisional decision in September 2024 in which I explained I was minded to uphold this complaint. I’ve included an extract of my provisional decision below, so I won’t repeat it here. I gave all parties the chance to respond before issuing my final decision, and the deadline has now passed.

Extract of my provisional decision:

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.

In 2021 Mrs R started speaking to a contact (“the scammer”) who she had met on a dating site. They interacted briefly on the website before continuing their conversations via several messaging apps and by email.

After around a month the scammer asked Mrs R to send him some money to assist him in getting a contract signed to set up his company overseas, which would eventually be worth over £1,000,000. The payment was to be sent via the scammer’s friend as an international payment, as the scammer said he was abroad, and his friends would be able to exchange the currency and forward it on to him. Between August 2021 and May 2022 Mrs R sent over £127,000 to the scammer from her Wise account as 27 payments, all via third parties. The payments ranged in size from £540 to £9,900.

Mrs R explains that although she did an internet search for the scammer’s name before sending any money, there was no information about him available online. She also requested a copy of his driving licence, which he sent her, alongside photos of himself abroad.

Mrs R also says that at the time she was suffering from depression, so she was vulnerable to the attention shown to her by the scammer. She says that had Wise asked her a few simple questions about the payments she was making, it would have been clear that Mrs R was falling victim to a romance scam. It would then have been able to offer Mrs R appropriate warnings about the risks of this type of scam and give her advice on how to protect herself.

Mrs R realised she’d been scammed when the scammer told her he hadn’t been able to get the contract signed and he asked for more money. Mrs R hired a private investigator who looked into the circumstances and confirmed Mrs R had been scammed, so she complained to Wise. In her complaint she explained that her Wise account was new, and it was unusual for such a new account to make regular very large payments to new payees.

Wise didn't respond to Mrs R's complaint, so she referred it to this service.

Following referral to this service Wise sent us some information about Mrs R's complaint. It said that as it had no history for Mrs R's account it didn't have the ability to identify out-of-character payments. It also said that as Mrs R's account was a business account, and due to the nature and low cost of the Wise service, it is primarily used for sending larger amounts of money overseas, so the payments in question were not particularly unusual. Wise also questioned how truthful Mrs R would've been if it had intervened, as she had been provided with excuses to give to intervening banks.

Our investigator considered everything and didn't think the complaint should be upheld. She said this because she said she couldn't be sure of the source of funds into Mrs R's Wise account. She also said she didn't think an intervention by Wise would uncover the scam as Mrs R had been told by the scammer to tell the bank that the payments were being made to workers abroad.

As Mrs R didn't accept the investigator's opinion, 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 I'm currently minded uphold Mrs R's complaint. I'll explain why.

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 Mrs R authorised these payments from leaving her account. It's accepted by all parties that Mrs R gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with the terms and conditions of Mrs R'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 that the payments Mrs R made didn't alert it that she was being scammed because the account was a business account. It says that some of the activities Mrs R said she'd be using the account for were paying suppliers, contractors and/or employees, and receiving money for services. It also said it didn't have any prior account history for Mrs R as the account was opened two days before the first payment.

But Mrs R immediately started transferring large sums of money out – and I note the first three payments were within two days of account opening, sent over two days, and all for £9,900 each. This ought to have raised Wise's suspicions as an attempt to bypass any fraud detection systems in place, which are often set at £10,000.

Wise says that it didn't ask Mrs R for the purpose of any of the 27 payments before they were made, and it didn't show any warnings. And with this in mind I don't think Wise met its obligation to protect Mrs R from financial harm.

Whilst I accept Wise's comments that it didn't have any account history for Mrs R, it was still required by the regulations under which it operates to have fraud detection systems in place to identify when its customers may be at risk of financial harm. It's not necessary that this is based on the customer's previous account history, but the

wider financial services landscape and information the business holds about financial harm more generally.

Given the amount of the payments and the fact that Mrs R's account was new, with limited other activity, I think Wise should've done more to provide effective warnings from the first payment, setting out the risks associated with fraud and scams. By the time these payments were made, from August 2021, there was wide coverage of the prevalence of scams and financial services institutions knew about the risks posed to their customers. The fact that Wise didn't ask Mrs R for the purpose of the payments she was making, nor intervene in any way, means it didn't meet its obligations to protect her. So my starting position is that Wise is responsible for the losses these payments caused to Mrs R.

Is Mrs R responsible for any of her losses?

Despite Wise's shortcomings I've also considered whether Mrs R had a part to play in the losses she experienced, and having done so, I think she did. I say this because she sent multiple payments intended for someone she had never met, via different parties, who she also hadn't met.

I've seen message transcripts between Mrs R and the scammer and it's clear that throughout the time they spoke, the scammer worked hard to build Mrs R's trust. They made Mrs R believe that banks don't want their customers to transfer money out of their accounts, so they provided Mrs R with several "cover stories" to use, should she have needed to. I've seen messages encouraging Mrs R to convince other banks that she knew what she was doing, and to say that she was transferring money to pay contractors working for her abroad, as well as that she was doing renovations and she was paying for them.

Mrs R was clearly "under the spell" of the scam and was consequently relying on the scammer to guide her on what to say when payments were stopped by her other banks that she was using to fund other payments towards this scam. Although Wise didn't intervene, so I don't know what it would've done or how Mrs R would've reacted, I can't be sure Mrs R would've misled Wise about the reasons for the payments.

So although I can't say for certain that Mrs R would've followed the scammer's advice and been dishonest if Wise had asked questions about the payments, I think it's fair that the responsibility for Mrs R's losses is shared equally between her and Wise. I say this based on the contributory negligence Mrs R displayed by making the payments without fully knowing who she was sending them to, and without recognising that being given a cover story by the scammer should've indicated that something wasn't right.

For the reasons I've set out above, I intend to uphold this complaint.

I've also considered whether Mrs R was shown any warnings by the financial businesses that she sent the funds to Wise from. But despite requesting this information several times, I haven't received it. With this in mind I haven't got any other information at this stage to lead me to a different conclusion than what I've already explained. But I should note that if any further information is made available to me before I issue my final decision, my findings may change. If they do, I'll again give everyone the chance to review them first before I issue a final decision.

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 response to my provisional decision, Mrs R accepted my findings and the way I proposed the complaint should be settled. Wise didn't respond to my provisional decision.

Having reconsidered everything, I haven't seen or been told anything that changes the conclusions I previously reached. So I uphold Mrs R's complaint and Wise needs to put things right as I've set out below.

Putting things right

To put things right I require Wise to:

- Pay Mrs R 50% of the losses she incurred as a result of the 27 payments made between 19 August 2021 and 11 May 2022 and;
- Add 8% simple interest* to each payment, from the date it left Mrs R's account to 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 Mrs R how much it's taken off. It should also give Mrs R a tax deduction certificate if she asks for one.

My final decision

I uphold Mrs R's complaint and I direct Wise Payments Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs R to accept or reject my decision before 13 November 2024.

Sam Wade
Ombudsman