

The complaint

Mr J complains that Wise Payments Limited didn't do enough to protect him from the financial harm caused by a job scam, or to help him recover the money once he'd reported the scam to it.

What happened

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr J had been looking for work and discovered an opportunity to work part-time reviewing items for a platform which I'll refer to as "P". The job required him to make deposits in cryptocurrency in return for commission on completion of tasks. He was guided through the process via WhatsApp by someone I'll refer to as "the scammer", who explained that he would be required to simulate purchasing products to improve the algorithms of each product, which would improve the chances that the merchant would be able to sell the item.

Mr J checked P's website and was satisfied it was a genuine company. He wasn't given any employment documents, but he was given access to a portal which allowed him to see his account balance, which further reassured him the opportunity was genuine.

The scammer added Mr J to a WhatsApp group with others performing the same role and told him to open accounts with Wise, and an EMI I'll refer to as "R". He also asked him to first purchase cryptocurrency and then load it onto an online wallet. Between 27 July 2023 and 31 July 2023, Mr J made eleven transfers from R account to seven different recipients, and on 29 July 2023, he made a card payment for £5,600 to a cryptocurrency exchange I'll refer to as "M". The total value of the payments from R was £11,157.72.

On 31 August 2023 Mr J made five payments from Wise to M, and one payment to C. And on 1 September 2023, he made a further payment to M. The total value of the payments was £17,350 (most of which was either refunded or recovered).

Mr J was able to make a withdrawal early on and completed two sets of 40 tasks, but when his account showed a negative credit, he was told he'd have to make further deposits. He realised he'd been scammed when another bank contacted him to discuss a payment he was making from that bank, and he discovered P was operating a scam.

Mr J complained to this service with the assistance of a representative who explained the account was newly created and frequent payments to a high-risk cryptocurrency merchant immediately after the account was opened should have raised concerns. They said Wise ought to have questioned Mr J about the payments and had it done so it would have realised there were red flags present including the fact he didn't receive an employment contract, and he was making deposits in cryptocurrency for tasks he expected to be paid for.

Wise explained it had refunded five of the seven payments, so the outstanding loss was £4,950. And our investigator later confirmed that the £4,000 payment had been recovered from C.

Our investigator said there was no prospect of a successful chargeback because Mr J paid a legitimate cryptocurrency exchange, and he would have received a service which would have involved changing the payment into cryptocurrency before sending it to the wallet address he supplied it with.

However, he was satisfied Wise knew or ought to have known Mr J was paying a cryptocurrency merchant, so it ought to have asked him questions about the £4,000 payment he made on 31 August 2023 in an attempt to narrow down the specific scam risk. And once that risk had been identified, it should have provided a warning covering off the key features of job scams, which would have prevented his loss. He thought Wise should refund the money Mr J had lost (which was £950) but that the settlement should be reduced by 50% for contributory negligence.

Wise has asked for the complaint to be reviewed by an Ombudsman, arguing that Mr J was a new customer using his account to make investments, and expecting it to flag transactions totalling less than £5,000 is unreasonable. It has also questioned why the £4,000 payment is relevant as it wasn't lost to the scam.

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 conclusion as our investigator. And for largely the same reasons.

I'm satisfied Mr J 'authorised' the payments for the purposes of the of the Payment Services Regulations 2017 ('the Regulations'), in force at the time. So, although he didn't intend the money to go to scammers, under the Regulations, and under the terms and conditions of his bank account, Mr J is presumed liable for the loss in the first instance.

There's no dispute this was a scam, but although Mr J didn't intend his money to go to scammers, he did authorise the disputed payments. Wise is expected to process payments and withdrawals that a customer authorises it to make, but where the customer has been the victim of a scam, it may sometimes be fair and reasonable for the bank to reimburse them even though they authorised the payment.

Prevention

Wise is an emoney/money remittance provider and at the time these events took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the FCA's Principles for Businesses and BCBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

I've thought about whether Wise could have done more to prevent the scam from occurring altogether. Buying cryptocurrency is a legitimate activity and from the evidence I've seen, the payments were made to genuine cryptocurrency exchanges. However, Wise ought to fairly and reasonably be alert to fraud and scams and these payments were part of a wider scam, so I need to consider whether it ought to have intervened to warn Mr J when he tried to make the payments. If there are unusual or suspicious payments on an account, I'd expect Wise to intervene with a view to protecting Mr J from financial harm due to fraud.

The payments didn't flag as suspicious on Wise's systems. This was a newly opened account and there was no spending history to compare the payments with. But Wise would have known Mr J was paying a cryptocurrency merchant and four of the six payments were for £3,000 or more, so it ought to have intervened. I understand Wise has argued that funds that weren't lost to the scam shouldn't be considered as part of the complaint, but I'm satisfied that all of the payments which Mr J made to the scam are relevant to the complaint, notwithstanding that they were ultimately refunded or recovered.

I agree Wise ought to have intervened and I think a proportionate response would have been to provide a 'better automated warning' by asking Mr J about the purpose of the payment. I haven't seen any evidence that Mr J had been coached to lie and so I think he'd have explained that he was planning to make payments in cryptocurrency for tasks that required him to review products for an online platform. I would then expect Wise to have provided a tailored written warning covering off the key features of advance fee/job scams, and I haven't seen any evidence that Mr J was keen to take risks or that he'd ignored any other warnings about advance fee/job scams, so I think he'd have done some research and ultimately decided not to make any further payments.

Because I'm satisfied that Wise missed an opportunity to intervene and that this represented a missed opportunity to have prevented Mr J's loss, I'm satisfied it should refund his loss. Crucially, the loss is only £950 because all the other payments have been refunded or recovered.

Contributory negligence

Mr J had been looking for work and so I don't think it's unreasonable that he didn't raise questions when the scammer initially contacted him. However, I think he should reasonably have questioned why he was being asked to make payments in cryptocurrency for tasks he expected to be paid for, and whether the commission was realistic, considering the role required no experience or training and he wasn't given any employment documents.

Having considered the circumstances of this scam, I'm satisfied it was sophisticated and I don't think it was unreasonable for Mr J to have thought it was genuine. But there's plenty of information available online which could have alerted him to the scam and in the circumstances, I think he ought to have questioned what he was being asked to do and done some basic research which would likely have uncovered the scam and prevented his loss. So, I agree with our investigator that the settlement should be reduced by 50% for contributory negligence.

Recovery

I don't think there was a realistic prospect of a successful recovery because J paid an account in his own name and moved the funds onwards from there.

Mr J's own testimony supports that he used cryptocurrency exchanges to facilitate the transfers. It's only possible to make a chargeback claim to the merchant that received the disputed payments. It's most likely that the cryptocurrency exchange would have been able to evidence they'd done what was asked of them. That is, in exchange for Mr J's payment, it converted and sent an amount of cryptocurrency to the wallet address provided. So, any chargeback was destined fail, therefore I'm satisfied that Wise's decision not to raise a chargeback request against either of the cryptocurrency exchange companies was fair.

Compensation

The main cause for the upset was the scammer who persuaded Mr J to part with his funds. I haven't found any errors or delays to Wise's investigation, so I don't think he is entitled to any compensation.

My final decision

My final decision is that Wise Payments Limited should:

- refund Mr J £950.
- this settlement should be reduced by 50% to reflect contributory negligence.
- pay 8% simple interest*, per year, from the respective dates of loss to the date of settlement.

*If Wise Payments Limited deducts tax in relation to the interest element of this award it should provide Mr J with the appropriate tax deduction certificate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 16 March 2025.

Carolyn Bonnell
Ombudsman