

The complaint

Mrs W complains that Wise Payments Limited won't refund money she lost when she was a victim of a scam.

Mrs W is being supported in her complaint by a representative, but for ease, I'll only refer to Mrs W in this decision.

What happened

The background to this complaint is well known to both parties and so I'll only refer to some key events here.

In July 2023 Mrs W was looking for a holiday and explained that she found the details of a villa through a legitimate tour operator (which I'll refer to here as 'B'). She said she was then referred to another company (which I'll refer to here as 'T') to check the villa's availability. Mrs W has said she had no reason to suspect either 'B' or 'T' weren't genuine companies or that their details had been cloned.

Mrs W reserved the villa and was provided with an invoice from 'B'. Mrs W set up a Wise account on 24 July 2023 to '*buy goods or services abroad*'. To secure the villa, Mrs W made the following international faster payment to 'T':

Date	Amount
24 July 2023	£2,897 (3,324.05 Euros)

Wise asked Mrs W for the payment purpose and provided her with generic scam warnings, after which she proceeded to make the payment.

Mrs W said she arrived at the villa on 25 July 2023, at which point she realised it wasn't a legitimate holiday property and that she'd been the victim of a scam.

On 2 August 2023 Mrs W contacted Wise to say she'd been scammed, and on 8 August 2023 Wise attempted recovery of the funds, which was unsuccessful.

Mrs W made a complaint to Wise. In short, she said Wise hadn't done enough to protect her from financial harm. Mrs W wanted the £2,897 returned to her, together with 8% interest.

Wise didn't uphold the complaint. Essentially, it said as the account was newly opened it had no history of Mrs W's previous spending patterns. And that the transaction she made wasn't unusual given Wise is an international money transfer platform - nor did it think the payment was of high enough value to give it cause for concern.

Wise explained that before processing the payment it had asked Mrs W for the payment purpose and provided her with a relevant scam warning based on the answers she provided. It also said it had made reasonable attempts to recover the lost funds.

Mrs W referred her complaint to the Financial Ombudsman. One of our Investigators considered the complaint and didn't uphold it. She thought that based on the circumstances of the transaction; Wise had taken proportionate action to protect Mrs W. She also thought there was nothing further Wise could've done to recover the lost funds.

Mrs W didn't agree and asked for an Ombudsman's decision. In summary, she said Wise should've asked more probing questions to verify the payment and uncover 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.

I'm sorry Mrs W has been the victim of a scam, and I don't underestimate the impact this has had on her. But I must consider whether Wise is responsible for the loss she has suffered. And while I realise this isn't the outcome Mrs W is hoping for, for similar reasons as our Investigator, I don't think it is. I therefore don't think Wise has acted unfairly by not refunding the £2,897 payment. I'll explain why.

It isn't in dispute that Mrs W authorised the £2,897 payment. And, under the Payment Services Regulations 2017 and the terms of her account, Wise are expected to process the payment and Mrs W is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Wise to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Wise asked Mrs W information about the payment before processing it. But she doesn't think it went far enough here – and that if it had delved more deeply, her loss would've been prevented.

So, the starting point here is whether the instruction given by Mrs W to Wise was unusual enough to have expected additional checks being carried out before the payment was processed. But I must keep in mind that Wise processes high volumes of transactions each day; and that there is a balance for it to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate.

The account was newly opened and so there wasn't any historical spending to have allowed Wise to assess whether the scam payment was unusual or out of character for Mrs W. I've therefore thought about whether the payment itself, without any typical account usage available, was suspicious enough to have prompted Wise to consider Mrs W was at risk of financial harm from fraud.

Mrs W has told us she specifically set up the Wise account to make the transfer (allowing her to convert the funds to Euros). This is a commonly used feature of Wise accounts – with payments being made internationally and converted into the respective currency.

The account purpose (buy goods or services abroad) also matched the payment purpose (paying for goods and services). And the amount wasn't, in my opinion, of a significantly high value in general banking terms to have alerted Wise to the possibility of a scam.

And so, taking these points into account, I don't think there was anything suspicious or unusual about the £2,897 payment that should've caused any concern to Wise or for it to suspect that Mrs W was at risk of financial harm.

Further to that, Wise did ask Mrs W for the payment purpose, to which she answered, '*paying for goods and services*'. She was then asked if she was buying from certain popular trading sites – to which she said no. Mrs W was then asked if she'd carried out reviews into the seller or company she was paying, to which she said yes.

Wise then suggested to Mrs W that she speak to someone she trusted and to get a second opinion about the payment, after which she confirmed she was happy to proceed.

Taking all this into account, I don't think any of the circumstances surrounding the £2,897 payment would've given Wise any obvious cause for concern; and that it took reasonable and proportionate action before processing it.

I should add that Mrs W wasn't at fault here. She carried out checks into 'B' and 'T' and provided Wise with accurate information about the payment when prompted to do so. And it was that information, combined with the wider surrounding circumstances of the payment, which I've discussed above, which satisfied Wise the payment wasn't suspicious. I can't therefore say, on balance, that Wise was at fault for processing Mrs W's payment in line with her instructions.

I've thought next about whether, on being alerted to the scam, Wise could reasonably have done more to recover Mrs W's losses. I agree with our Investigator that Wise should've contacted the beneficiary bank on 2 August 2023 – as soon as Mrs W alerted it to the scam. But I don't believe this would've likely resulted in the funds being recovered. I'll explain why.

Firstly, the payment was made on 23 July 2023 – more than 10 days before any recovery attempt could've been made. From our experience, it's ordinarily unlikely that funds obtained as part of a scam remain in the beneficiary bank more than 24 hours after payment was made.

Secondly, the payment was made to an international beneficiary bank which, as was the case here, can often be unresponsive. But I can see from information provided by Wise that it made reasonable attempts to try and recover Mrs W's funds; and so, it would be unfair to hold Wise responsible for the beneficiary bank not responding.

Overall, whilst I think Wise should've contacted the beneficiary bank sooner – I think it's unlikely that the beneficiary bank would've responded confirming that any funds remained. And so, I don't think it would be reasonable to expect Wise to refund the £2,897 payment to Mrs W.

I have a great deal of sympathy for Mrs W and the loss she's suffered. But it would only be fair for me to direct Wise to refund her loss if I thought it was responsible – and I'm not persuaded that this was the case. For the above reasons, I think Wise has acted fairly and so I'm not going to tell it to do anything further.

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 Mrs W to accept or reject my decision **before 13 March 2025**.

Anna Jackson
Ombudsman