

## The complaint

J complains that Wise Payments Limited ('Wise') won't reimburse him for payments he made to a scam.

## 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.

J was behind with his VAT payments and had received genuine correspondence from the HMRC about that. In July 2024 he received a text from someone claiming to be from the HMRC. The text told him to contact them to make a payment or use the link in the message to do so. On 29 July 2024 he received a further message to say he'd been sent a letter about his HMRC account and the next day he received a call from a Scottish number from someone claiming to be from a third party working for the HMRC and asking him about an outstanding VAT bill. The caller said they'd make a note on the system and encouraged J to contact the HMRC. On 31 July 2024 J received a call from someone claiming to be from the HMRC legal department who told him he'd ignored their letters. He was guided to create an account with Wise and to make the following debit card payments to a payment service provider ('R'), all payments were made on 31 July 2024:

Payment No.	Time	Amount	Detail
1	10:56	£492.99	Two attempts stopped.
2	10:58	£948.99	
3	11:03	£995.99	
4	11:23	£996.99	
5	11:24	£997.99	
6	11:26	£998.99	Two payments stopped by Wise
7	11:27	£999.99	
<b>Total Loss</b>		<b>£4,939.95</b>	

J complained to Wise. He said they should have had processes in place to ensure he wasn't scammed. Wise didn't uphold the complaint. They said there were no signs of a security breach, and that J had authorised the transactions.

J referred his complaint to this Service and our investigator provided an opinion. She thought the payment should have been viewed as unusual from payment 5 onwards. She thought Wise should refund payment 5 and 7 but not payment 6 as it had been reversed already. She thought it fair that J should share responsibility for the loss so she suggested Wise should only refund half of those payments and that they should add 8% interest to the refund.

Wise agreed to that resolution, but J didn't. He said the pattern of payments should have triggered an earlier intervention and that Wise should refund half of all the payments he

made.

### **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 was very sorry to hear that J had lost money in the way that he did. I appreciate how distressing and frustrating it must have been for him. I've decided to partly uphold this complaint for broadly the same reasons as our investigator did. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, J is responsible for any payments made from his account which are properly authorised, as they were here, and a money transfer/payment service provider (in this case, Wise as an authorised Electronic Money Institution "EMI") is expected to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Wise ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment. J made these payments after the inception of the FCA's Consumer Duty, which puts an obligation on firms to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams.

Wise did issue a warning to J when he tried to make the first payment to J that warning advised that if someone was pressuring him to make a payment it was likely to be a scam. Wise subsequently stopped the payment and froze the card so that it could be satisfied it was J who was making the payment. It let J know how to unfreeze it through the app if he was content with the payment.

After J unfroze the card, I think there were red flags that Wise missed and that should have resulted in them making a further intervention. There were eight payment requests within an hour, for similar values and to the same payee. I think that deviated from what could fairly be considered normal account activity. While the value of the payments were not out of character the pattern was extremely unusual for J's account. I think that should have raised questions about why so many payments were required when one may have sufficed, and

why those values were all similar and just below £1,000. Some of the payments were made within minutes of each other. I think the pattern and value of payments was unusual and I think that should have been evident by payment 5.

If Wise had intervened at that point and asked questions to identify the nature of the potential scam such as why the payments were being made, who was the intended recipient and what was J's relationship with the intended recipient. I think they would have received information that would have uncovered the scam. They would, for instance, have been told that J was contacted out of the blue and that the intended recipient was the HMRC even though payment wasn't being made to them. J hadn't been provided with a cover story or a different reason to provide to Wise for the payment and there's no persuasive evidence he would've given inaccurate payment reasons and that he would've ignored any warnings that Wise should've provided.

So, I think Wise can, therefore, fairly be held responsible for the loss J incurred from the point he made payment 5.

I've thought about whether it is fair for J to share responsibility for that loss, and I think it is. While I have every sympathy with him, I do think some of his actions contributed to the loss he experienced. I understand that the initial contact would have seemed genuine. J was, after all, already aware he owed the HMRC some money and as a non-UK national he wasn't familiar with UK tax procedures. The scammer knew some key facts that would have helped to convince J that he was speaking to the correct authority. However, I think there were signs that this arrangement was a scam, and I don't think a reasonable person would have acted in the way J did. In particular, I don't think a reasonable person would have made payments to R when it was the HMRC who were supposed to be pursuing the debt and I don't think a reasonable person would have made so many payments in such a short space of time without questioning the need to make lower value payments, instead of one, and without checking with their accountant, who was instructed to act for them, about the validity of those payment requests. While J has explained that he texted his accountants while on the call with the scammer I think it would have been reasonable of him to wait for them to respond before making the payments. I also think it would have been reasonable for J to have conducted better online research to check this wasn't a scam. He was clearly concerned about the payment requests as he reached out to his accountant to check them. There was significant information online about HMRC scams at the time, including information on the HMRC gov.uk site that provided a list of genuine HMRC contacts and a list of known scam types including fake phone calls, texts and warnings that the HMRC would never ask for payment via a third-party payment service (like R).

Overall, I think it would be fair for both parties to share the loss evenly. Wise will need to add 8% simple interest to their share of the refund as J has been deprived of the money.

I've thought about whether Wise acted reasonably when it was made aware of the scam. The success of any recovery would depend on its timing, if Wise were able to act within hours the funds may not have been paid out to the scammers and R may have been able to freeze them. J told Wise about the scam at 2.15pm on 31 July 2024, almost 3 hours after the last payment had been made but when Wise contacted R, they confirmed the funds had moved on and because they had been completed, they were unable to refund the money.

I hadn't seen evidence of when Wise started the recovery process, so I asked Wise about that, and they showed us they attempted recovery on 1 August 2024. We expect to see a recovery attempt made as soon as is reasonably possible. I think Wise could've attempted to recover the money sooner than it did, but our experience of such scams suggests it was unlikely that even if they had attempted recovery as soon as J alerted them to the issue, it

was unlikely they would have been able to recover J's money. In most cases, the money is removed immediately by the scammers and here there had already been a delay of about three hours before J contacted them so I think chances of recovering the money were extremely unlikely.

Chargeback – J used a debit card for the payments but because R provided the services that were expected of it when it received the money, there wasn't a reasonable prospect of a chargeback being successful. So, Wise didn't treat J unfairly by not raising a chargeback here. Similarly, while J thought R would refund the transactions, I can see from Wise's system notes that they responded to that and asked R to do so. However, R declined as the transactions were now completed. I don't therefore think Wise did anything wrong in that respect.

### **My final decision**

For the reasons I've given above, I uphold this complaint in part and tell Wise Payments Limited to:

- Refund 50% of disputed payments 5 and 7 to J.
- Apply 8% simple interest per year from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I'm required to ask J to accept or reject my decision before 13 August 2025.

Phillip McMahon  
**Ombudsman**