

The complaint

Ms L complains Wise Payments Limited (“Wise”) declined to refund a payment made after she fell victim to a scam.

What happened

On 26 January 2024, Ms L explains she received calls from multiple individuals claiming to be from her banking providers. In a call, they referred to a text message she’d received in relation to a missed delivery, which Ms L had received and responded to the day before. She was told to open an account with Wise, as her information had been compromised, and transfer money into it. Once the funds were in her Wise account, she was told to move her money into her other account held within Wise.

Ms L said that the call was pressured and urgent and whilst she can’t recall sharing her Wise card details, she accepts she may have given them over, but she wasn’t asked to enter payment details herself. She recalls sharing a code with the individual, but didn’t recall reading the message in full, believing she was following a process where she thought her money was being moved into another account she held with Wise.

Ms L said she came to realise the individual was a fraudster and she’d been scammed when the call ended, and she noticed a card payment to an online merchant debited her account for £2,584. So she reported the scam to Wise on the same day.

After Ms L raised a complaint, Wise issued its final response letter. In summary it said it couldn’t be liable because she shared her security details with a fraudster. So the complaint was referred to our Service.

One of our investigators looked into the complaint and didn’t uphold it. In summary they considered the payment was authorised by Ms L and Wise couldn’t have done anything more to have stopped or recovered the payment. Ms L didn’t agree, providing a comprehensive response. I’ve summarised the key points below:

- Ms L said the payment wasn’t authorised because she didn’t know she was talking to a fraudster, and that the complaint should be dealt with according to the relevant legislation. She also explains she didn’t give consent and that any consent was under duress and as a result of fraud so can’t be taken as genuine consent.
- Wise didn’t adhere to the Financial Conduct Authority’s (“FCA’s”) guidance, specifically around payments that haven’t been authorised and its responsibilities under the FCA’s principles.
- Wise is expected to carry out business in line with good industry practice which would include the objectives of the Contingent Reimbursement Model (“CRM”) Code.
- Though Ms L’s position is that the payment wasn’t authorised, should it be decided it was authorised it would be fair for Wise to refund her considering decisions our Service has previously reached in relation to Authorised Push Payment (“APP”)

scams that she considers applies to her circumstances.

As Ms L didn't agree, the matter has been passed to me to decide.

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 don't uphold this complaint. I'll explain why.

I can see Ms L provided comprehensive responses to our investigator's findings, and I understand this complaint is really important to her and the loss has significantly impacted her.

Ms L has said she brought a complaint about an APP scam, and has then referenced Wise's obligations in relation to this. But as this was a card payment, not a faster payment, these points don't apply. Ms L has also raised points about what is expected of Wise, referring specifically to the CRM Code. However, Wise isn't a signatory to the CRM Code (and again this applies to APP not card payments) and so the Code isn't a relevant consideration in Ms L's case, so I won't comment on this further.

Ms L has also referred to previous decisions issued by our Service. Whilst I note their content, I'm only considering the circumstances in Ms L's case and whether Wise has acted fairly in its decision to hold Ms L liable for her loss.

Did Ms L authorise the disputed payment?

In line with the Payment Services Regulations 2017 ("PSRs"), the relevant legislation here, the starting position is that Wise is liable for unauthorised payments, and Ms L is liable for authorised payments.

Ms L argues she didn't authorise the payment because she didn't know she was talking to a fraudster, and any consent was under duress and as a result of fraud so can't be taken as genuine consent. But these reasons don't therefore mean the payment wasn't authorised.

Ms L accepts she shared a one-time passcode with the fraudster, which was used to complete the payment. She explains she was persuaded to share this because she thought she was making a transfer to her other account. The PSRs include transfers as part of its definition of a payment transaction and whilst I recognise Ms L didn't realise she was talking to a fraudster until after the payment had been made, she was ultimately tricked into sharing her security information on the understanding that she was making a payment.

And though she says she was under duress when consent was given, giving consent, according to the PSRs, doesn't consider the customer's awareness or mental state at the time. And being forced under duress is also not considered. So given the circumstances here and what I've explained, I consider she gave consent to a third-party to execute the payment transaction on her behalf. So I consider Wise can fairly treat the payment as authorised.

Ms L has provided comprehensive submissions about what is expected of Wise considering what the PSRs and the FCA's guidance sets out about the responsibility on payment service providers, Wise here, concerning unauthorised payments. But as I've concluded here that the payment was authorised, I don't consider I need to address these points further.

Should Wise have recognised Ms L was at risk of financial harm?

Though the starting position is that Ms L is liable for these payments, taking longstanding regulatory expectations and requirements into account and what I consider to be good industry practice at the time, Wise should fairly and reasonably have been on the look-out for the possibility of fraud and have taken additional steps, or made additional checks, before processing payments in some circumstances.

I've seen no evidence that Wise had concerns and intervened at any stage of the scam. And having considered the payment's value and who it was made to, and given this was a new account with no prior account history for Wise to have compared to, I'm not persuaded Wise ought to have found the payment suspicious, such that it ought to have made enquires of Ms L before processing it. So I don't consider it missed an opportunity to have prevented the scam.

Recovery

As the disputed payment was an online card payment, a recovery option that would have been available to Wise would have been through the chargeback scheme. This is a scheme run by the card scheme provider to resolve payment disputes between customers and merchants – subject to the rules they set. The scheme is voluntary and limited in scope. Here, it doesn't appear Wise raised a chargeback and so no evidence has been provided by the merchant. So I have to consider whether I think it's more likely than not the merchant provided the goods/service expected.

We can't know for certain what happened after the payment was made to the merchant, which was online to a retail store. But given a payment was made to an online retail store, I consider it more likely than not that it would have evidenced that it provided the goods/service expected, albeit for the benefit of the scammer. So I don't think it's likely that a chargeback claim would have succeeded.

Reporting the scam

Ms L raised service concerns around Wise's lack of response and how it dealt with her claim, which seems to relate to her overall concern where she thinks it could have done more to have stopped and reversed the payment whilst it was pending. I appreciate Ms L has said she contacted Wise straight away once she realised she'd been scammed, but where Ms L contacted Wise whilst the payment was still pending, I don't think this impacts whether the merchant should have been able to collect the funds.

I say this because a debit card payment shows as pending once the sending bank has processed and approved it, but the merchant hasn't yet requested the funds. There are only limited circumstances in which a pending payment can be cancelled. As Ms L authorised the payment and had sufficient funds available, I don't think Wise has made an error in allowing the merchant to collect the funds. The merchant wasn't the perpetrator of the scam, a third party was.

After raising a fraud claim, Wise responded on the same day to say it couldn't consider the payment unauthorised because of how it was authenticated. And while I note Ms L's comments about her contact with Wise over the few months before it issued its final response, and the issues with the email address that was set up on the Wise account and where the account was closed, I can't say it would have made a difference in Wise stopping the payment. As the payment had been authorised, once it had been processed, Wise wouldn't have been able to block the payment.

I appreciate it would have been a worrying time for Ms L, having lost her money to a scam, however I don't consider Wise acted unfairly when Ms L reported the scam. So I don't consider Wise needs to take any further action.

Conclusion

Whilst Ms L has undoubtedly been the victim of a cruel scam and I appreciate this has been a significant loss for her, I don't find there were any failings on Wise's part that would lead me to uphold this complaint for the reasons I've explained above.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 29 May 2025.

Timothy Doe
Ombudsman