

The complaint

W – a limited company – complains that Wise Payments Ltd ('Wise') hasn't refunded the money it lost to a scam.

One of W's directors, whom I'll refer to as 'J', referred the complaint to this service on behalf of W. So, for ease of reading, I'll refer only to J throughout my decision.

What happened

In July 2023, J sent £3,577.12 to a third party to rent a holiday villa abroad. After making the payment, the beneficiary became unresponsive, and J realised he'd sent funds to a scammer.

J reported the scam to Wise and asked for a refund. However, Wise didn't think it had done anything wrong when J made the payment and so it declined to refund the loss. However, Wise did recognise that, when dealing with J's scam claim, its communication style could've been better and it offered £15 compensation because of this.

Unhappy with Wise's response, J referred the complaint to this service. Our Investigator considered the complaint but didn't uphold it. They didn't think Wise could've reasonably been expected to prevent the scam payment being made or done anything to recover the funds from the beneficiary, which meant Wise didn't need to do anything to resolve the complaint.

J didn't accept our Investigator's opinion. He argued that the scam payment was unusual and out of character and Wise ought to have done more to prevent the scam. As an agreement couldn't be reached, the complaint 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.

J has made some detailed submissions in support of his complaint. I've read and considered everything he's sent in, but I don't intend to respond in similar detail. I'm very aware that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises, in accordance with the Payment Services Regulations (in this case, the 2017 regulations) and the terms and conditions of the customer's account.

It's not in dispute that J made the scam payment. So, the payment was authorised and under the Payment Services Regulations, the starting position here is that J is responsible for the payment (and the subsequent loss) despite the payment being made as the result of a scam.

However, that isn't the end of the story. Good industry practice required Wise to be on the lookout for account activity or payments that were unusual or out of character to the extent that they might indicate a fraud risk. On spotting such a payment, I'd expect it to take steps to warn the customer about the risks of proceeding.

I've carefully considered whether Wise reasonably ought to have been concerned that the scam payment demonstrated a fraud risk at the time the payment was made. Having done so, I'm not persuaded the payment was so suspicious that Wise reasonably ought to have had any fraud concerns. I'll explain why.

The Wise account J held was a business account. Typically, business accounts do tend to make larger payments than personal accounts. So, whilst the scam payment was for a large amount of money, I don't think the value of the scam payment alone was large enough to indicate a fraud risk.

I accept that the scam payment was an international transfer – and, in some circumstances, that might indicate a greater risk of fraud. However, Wise is a money remittance service and many of its customers use its services to send money internationally. And, as I'll go on to discuss below, J regularly used the Wise account for this purpose too, so sending an international payment wasn't suspicious.

In the previous nine months, 21 international transfers had been made using the Wise account. Only eight of those transactions were for smaller amounts than the scam payment, meaning a vast majority of similar transactions were for larger amounts – and eight of those transactions were significantly larger than the value of the scam payment. As a result, I'm not persuaded the scam payment was out of character or unusual.

I appreciate J says the other international transfers that I've referred to above went to either companies he was connected to or to relatives who shared the same surname as him. However, three of those payments were for between £99,000 and £100,000 in value; two payments valued between £45,700 and £50,000; and three more payments were for over £20,000. So, in comparison to the usual payment activity, an international transfer of £3,577.12 (via a business account) didn't look suspicious.

I also accept that the beneficiary account wasn't based in a country that J had paid before. However, the other international transfers went to accounts in multiple jurisdictions and so I don't agree with J that this made the scam payment suspicious.

Overall, I'm not persuaded the scam payment demonstrated J was at risk of financial harm from fraud and I don't think it was unreasonable that Wise didn't flag it for additional checks. As a result, Wise couldn't have reasonably been expected to have intervened and questioned the payment at the time it was made.

Wise did attempt to recover the lost funds. However, this wasn't successful. Wise didn't attempt this as quickly as it could've done. But, as the beneficiary bank was based abroad and because it didn't respond, I'm not persuaded the delay has resulted in any detriment to J, as I don't think the funds could've been recovered.

I'm not persuaded Wise reasonably could've prevented the loss or done anything to recover the funds. As a result, I'm not persuaded Wise can be held responsible for reimbursing the scam payment. As I don't find that Wise has made any errors, I see no reason to ask it to increase its offer of £15 compensation, when the impact caused by the scam doesn't stem from any failings by Wise.

My final decision

For the reasons explained above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask W to accept or reject my decision before 12 December 2025.

Liam Davies
Ombudsman