

The complaint

Mrs D complains that Wise Payments Limited trading as Wise ("Wise") hasn't protected her from losing money to a scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat everything here. In brief summary, Mrs D has explained that in October and November 2023 she made a number of transfers from her Wise account as the result of a scam. The transfers out of her Wise account to the scammers numbered 13 and totalled £3,305. I understand Mrs D also received transfers into her Wise account totalling £529 from the scammers, which were designed to make the scam more convincing to her.

Mrs D then realised she'd been scammed and got in touch with Wise. Unhappy with its response, Mrs D then referred her complaint about Wise to us. Although during this time Wise was able to recover and refund to Mrs D £277 of her lost funds, our Investigator was unable to resolve the matter between Mrs D and Wise informally, so the case has been passed to me for a decision.

I sent Mrs D and Wise my provisional decision on 21 January 2025. Now both parties have had fair opportunity to respond, I'm ready to explain my final decision.

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.

Wise has said it accepts my provisional decision. Mrs D has said she remains unhappy. But having reviewed everything again, including Mrs D's recent response, I see no reason to depart from my provisional decision – having reviewed everything again, I've reached the same conclusions and for the same reasons. I've explained my reasons again below.

I've decided not to uphold Mrs D's complaint in the main, although I do think Wise should pay Mrs D £200 to compensate her for the distress and inconvenience of it having deactivated her account. I'll explain why.

First, let me say, I'm sorry if Mrs D has been the victim of a scam in which case she has my sympathy. Ultimately, however, Mrs D has suffered her loss because of fraudsters, and this doesn't automatically entitle her to a refund from Wise. It would only be fair for me to tell Wise to reimburse Mrs D her loss (or part of it) if I thought Wise reasonably ought to have prevented the payments (or some of them) in the first place, or Wise unreasonably hindered recovery of the funds after the payments had been made; and if I was satisfied, overall, this was a fair and reasonable outcome.

Should Wise reasonably have prevented Mrs D's loss by preventing her transfers to the scammers in the first place?

I'm satisfied Mrs D authorised the relevant payments to the scammers. Wise would generally be expected to process payments a customer authorises it to make. And under The Payment Services Regulations and the terms and conditions of the account, Mrs D is presumed liable for the loss in the first instance, in circumstances where she authorised the payments. That said, as a matter of good industry practice Wise should have taken proactive steps to identify and help prevent transactions – particularly sufficiently unusual or uncharacteristic transactions – that could involve fraud or be the result of a scam. However, there are many payments made by customers each day and it's not realistic or reasonable to expect Wise to stop and check every payment instruction. There's a balance to be struck between identifying payments that could potentially be fraudulent, and minimising disruption to legitimate payments (allowing customers ready access to their funds).

In this case Wise has provided information that eight of Mrs D's transfers flagged on its systems and it asked Mrs D what these payments were for; Mrs D selected, from the options, that they were for friends and family, and Mrs D was shown scam warnings based on this. Wise has said there was an option to choose "Paying to earn money online". Given the low amount each of the payments were for in terms of fraud monitoring, and how they were spread and to different beneficiaries, I can't reasonably say Wise ought to have been expected to have done more than it did. I wouldn't expect Wise to have intervened beyond a warning and it could only reasonably warn Mrs D based on what she said, so here I don't think Wise was at fault for the transfers being made or that it was the proximate cause of the transfers not being prevented.

When Mrs D told Wise she'd been scammed, should Wise reasonably have been able to recover and refund to Mrs D more of her lost money from the recipient accounts than it did?

As I've said, Wise managed to recover and refund to Mrs D £277 of the money she lost to the scam. Wise refunded this to Mrs D in February 2024, and I've thought about whether Wise reasonably ought to have been able to recover from the recipient accounts more of Mrs D's money than this.

Wise's systems record that it was on 7 November 2023 that Mrs D first reported to Wise that she'd been scammed. Mrs D has said that she notified Wise of the scam before that by leaving a voicemail, and she's presented a screenshot of what appears to be a log of a call placed to one of Wise's numbers on 2 November 2023 at 10.53am with the call lasting over four minutes. Wise has said this number wouldn't have given Mrs D the option to leave a voicemail and it looks more like Mrs D spent the four minutes in a queue and that the call wasn't picked up. But either way, I don't think this makes a difference here. This is because I've seen information from which I'm satisfied that all the funds had been spent from the respective recipient accounts even before Mrs D's call on 2 November 2023 at 10.53am, such that I can't see Wise would reasonably have been able to recover from the recipient accounts and refund to Mrs D more than the £277, no matter what it reasonably did at that point.

Account closure

Wise emailed Mrs D on 15 November 2023 saying it had closed her account as *"It looks like you're at high risk of being scammed"*. I've asked Wise about this, because Wise didn't give Mrs D prior notice, and I wouldn't expect her account to have been closed just because she'd been scammed. But Wise's position appears to have remained that it decided to deactivate Mrs D's account, after it had completed its scam investigation, due to the risk of her being a victim of fraudulent activity, and that Mrs D had the right to appeal its decision but unless that happened, the account would stay closed to protect her. But whilst I agree Wise should have been on alert to protect Mrs D from fraud, I don't think it was fair to deactivate her account with no notice just because she'd been scammed. This would have been a stressful time for Mrs D, better communication (and notice) was warranted. That said, it wasn't Wise's fault that Mrs D was scammed, and this wasn't Mrs D's current account, but instead a Wise account that appears to have been set up and used just for the scam payments. So I think the impact of Wise closing the account wasn't as great as it otherwise might have been, but that given this would have made an already stressful period worse for Mrs D (which resulted in her attending hospital), it would be fair for Wise to pay Mrs D £200 as compensation for distress and inconvenience caused.

My final decision

For the reasons explained, I uphold this complaint only in part (and not in the main), and I direct Wise Payments Limited trading as Wise to pay Mrs D £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 5 March 2025.

Neil Bridge
Ombudsman