

## The complaint

Ms M complains that Wise Payments Limited didn't do enough to prevent the loss she suffered when she fell victim 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.

Ms M says she fell victim to a job scam, which resulted in her making nine payments (listed in the table below) totalling £3,936 from her Wise account to accounts which were held by other Wise users. She also received £173.46 leaving her an outstanding loss of £3,762.54.

Date	Amount	Recipient
18 October 2023	£56	Account One
18 October 2023	£91	Account Two
18 October 2023	£230	Account Three
19 October 2023	£600	Account Four
19 October 2023	£500	Account Five
19 October 2023	£950	Account Six
20 October 2023	£1000	Account Seven
6 November 2023	£420	Account Eight
6 November 2023	£89	Account Nine

When Ms M realised she'd been scammed, she got in touch with Wise. Ultimately, Wise didn't reimburse Ms M's lost funds and she referred her complaint to us. Our Investigator didn't recommend that the complaint should be upheld. In summary she concluded Wise had acted fairly. Ms M disagreed and asked for an Ombudsman to make a final decision. As our Investigator had commented on some matters which fall outside the Financial Ombudsman Service's jurisdiction, I issued a jurisdiction decision separately which set out the extent of what I can consider. In short, I said I can't consider Ms M's concerns about Wise's act(s) or omission(s) in relation to the accounts that received her money, such as the opening and monitoring of those accounts. I can only consider her complaint about matters arising from DISP 2.7.6R(1), her 'customer' relationship e.g., Wise's actions in arranging and making the payments from her account, and its efforts in trying to assist in the recovery of those funds as her payment service provider (PSP) when she reported the scam.

Now that the jurisdiction matter has been decided, my decision about the aspects of Ms M's complaint I do have the power to investigate is explained below.

### **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'm not upholding this complaint. I appreciate the outcome will be disappointing for Ms M, and I'm genuinely sorry to hear about her loss, but I can't fairly and reasonably ask Wise to refund this. I'll explain why.

Firstly, I want to assure Ms M that I've read and considered the whole file. But as the purpose of my decision is to set out my conclusions and reasons for reaching them, my findings focus on what I consider to be the central issues. If I don't mention any specific point, it's not because I've failed to take it on board and / or think about it, it's just that I don't think I need to comment on it to explain my decision. This isn't intended as a discourtesy; our rules allow me to do this. This simply reflects the informal nature of our service.

Wise's principal duty is to process payments that its customer (here Ms M) instructs it to make without undue delay. But I agree that this is not the end of the story. It also has regulatory and lawful obligations to be alert to various risks in relation to the accounts held with it. And it is the friction between such competing obligations where the crux of the matter is found. Naturally, with the benefit of hindsight it's easy to say that Wise ought to have identified Ms M's payments as being fraudulent. But in practice this isn't always possible and can be quite challenging as PSPs like Wise process thousands, if not millions of payments on a daily basis, and it would not be realistic or reasonable to expect them to stop and check each one. There is a balance to be struck between identifying payments that could potentially be fraudulent and minimising disruption to legitimate payments.

So with the above in mind, I've thought carefully about whether in the circumstances of Ms M's case Wise reasonably ought to have had concerns requiring it to do more than it did before processing the disputed payments.

Ms M is of the opinion that given Wise's awareness of the risks associated with authorised push payment (APP) scams and cryptocurrency transactions, proactive measures, such as real-time fraud alerts could have been implemented before she reported the scam. She says no alerts or interventions were triggered at the time of processing the payments despite the activity being suspicious. She strongly believes that Wise's failure to identify and respond to what she considers to be high-risk transactions in real time, particularly given their frequency, cumulative value, and destination, directly contributed to her losses.

I note Ms M's basis for saying Wise ought to have done more focusses quite heavily on the notion that payments made to cryptocurrency exchanges present a scam risk, something Wise reasonably ought to have been aware of. But in this case Ms M's payments were made to individuals (other Wise users) not directly to a cryptocurrency exchange. From the information I've seen there were no indicators of cryptocurrency related activity e.g. payment references nor any information Ms M had shared at the time of processing the payments which mentioned cryptocurrency. So Wise couldn't reasonably have known when processing these payments that they were for the purchase of crypto assets. So, some of Ms M's points about known cryptocurrency scam trends aren't relevant here.

Ms M's Wise account wasn't one which had recently been opened for the purposes of the scam, it had been open since March 2023 with transactional activity before the disputed payments. Having reviewed the statements since account opening my general observation is the pattern of transactional activity included incoming payments topping the account up (not a regular mandated salary) with outgoing payments being made via card payments to a range of merchants (from retail stores to money remittance service providers) and via online transfers to individuals. It also wasn't uncommon for Ms M to make multiple transactions on any given day, and across consecutive days. I accept some of the disputed payments were larger than payments Ms M had made before, but I'm not persuaded a pattern emerged or that the payments were so remarkable (individually or cumulatively) where I'd say Wise have acted unfairly or unreasonably by not doing more than it did. Particularly when looked at in the context of there not being anything identifiably concerning about the payment destinations; nor from what I've seen any other information that reasonably ought to have put Wise on notice of a potential problem. Proportionality is a key factor in the assessment of what's fair and reasonable. Wise have evidenced that for six of the eight payments it asked Ms M the purpose of the payment and based on her response provided her with the relevant written scam warning. Taking all the factors here into consideration I think Wise struck a reasonable balance and its checks were proportionate to the level of risk presented by the transactions.

I know Ms M also feels strongly that Wise didn't meet the expected industry standards of care, particularly in the context of vulnerable consumers, but I can't see that Ms M had made Wise aware of any vulnerabilities where it needed to do anything differently when processing her payment requests, or that this is something it reasonably should have ascertained. And if Ms M is referring to what the Lending Standards Boards Contingent Reimbursement Model (the CRM code) says about treatment/reimbursement for customers vulnerable to APP scams this isn't a relevant consideration as Wise aren't signed up to the CRM code.

I take on board Ms M's comments that Wise ought to have prevented her losses before she reported the matter, but for the reasons I've shared above I don't think it could've done. I've also thought about the actions it took once the scam had been reported. One of the key considerations being—would any of Wise's act(s) or omissions(s) have made a difference in the sum it could've recovered. Here as our Investigator has said, the funds had already been spent from the recipient accounts before Wise received notification. So it follows that it can't fairly and reasonably be concluded that Wise's act(s) or omission(s) were the reason that Ms M's funds weren't recovered. But also, the nature of the scam was such that Ms M had received crypto assets in exchange for the money she'd sent, so even if any funds remained/or were available it's unlikely Wise would've been able to return these, and it's also for that reason I don't think Wise could've done anything more to assist Ms M in the recovery of her funds.

Overall, whilst I realise my decision will be disappointing for Ms M I don't think Wise have acted unreasonably here by processing the payments she'd asked it to make, nor do I think Wise's actions impacted whether a successful recovery could've been made once the matter was reported to it.

### **My final decision**

For the reasons outlined 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 Ms M to accept or reject my decision before 8 April 2025.

Sonal Matharu

**Ombudsman**