

The complaint

Mr M has complained that Wise Payments Limited (“Wise”) failed to protect him from an impersonation scam and hasn’t refunded the money he lost in the scam.

What happened

I issued my provisional decision earlier this month explaining why I wasn’t intending to uphold Mr M’s complaint. I gave all parties the opportunity to respond before I made my final decision.

I’ve included an extract of my provisional decision below. Wise didn’t respond but Mr M did, and he provided some further comments. I’ve included Mr M’s further comments at the end of this section.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

Mr M has used a professional representative to refer his complaint to this service. For the purposes of my decision, I’ll refer directly to Mr M, but I’d like to reassure Mr M and his representative that I’ve considered everything both parties have said.

Mr M has explained that in April 2024 he believed he was repaying a loan to his father-in-law when he made a payment of \$20,000. He had been discussing this repayment via email and followed the payment instructions provided, sending the money to what he thought was his father-in-law’s financial adviser. But unknown to Mr M at the time, his father-in-law’s email account had been hacked, and he was in fact communicating with a scammer. After making the payment, Mr M says he received an email confirming receipt, which reinforced his belief that everything was in order.

About a week later Mr M received another email, again appearing to come from Mr M’s father-in-law, asking for a short-term loan of \$20,000. As this wasn’t unusual Mr M agreed to help. On 9 April 2024 Mr M made the payment to another account, believing it belonged to his father-in-law’s broker. Again, this was all done via email, and he’s explained that as similar situations had occurred in the past nothing about the request seemed suspicious to him.

Later that day Mr M’s wife spoke to her father and discovered that he hadn’t requested the payments and wasn’t aware of any emails about them. It was only then that he realised his email account had been compromised and that Mr M had been dealing with a scammer.

Later that day Mr M contacted Wise to report what had happened. Wise told Mr M it would attempt to recover the funds, which could take up to 40 days.

The payments relevant to Mr M’s complaint are as follows:

Date	Amount
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22 March 2024	£15,940
9 April 2024	£15,846
Total	£ 31,786

Mr M made a complaint to Wise on the basis that he rarely uses his Wise account, so it ought to have been suspicious when he made two large payments in relatively quick succession. He said if Wise had asked him further questions about the payments it would've uncovered the suspicious circumstances surrounding them, and it would've uncovered the scam, preventing his loss. Wise didn't uphold Mr M's complaint and in its response it said that it successfully recalled payment two, so Mr M's remaining loss was £15,940. It also highlighted Mr M's obligation to verify the legitimacy of payees, and it pointed out that it can't get involved in disputes between senders and recipients of payments.

Mr M remained unhappy so he referred the complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. He said he thought Wise ought to have intervened to find out more about the payments Mr M made, and had it done so, it would've uncovered the scam.

Wise didn't accept the investigator's opinion so the case has been passed to me to make a decision

What I've provisionally 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 afraid I'm currently minded to reach a different outcome to the investigator as I'm not intending to uphold the complaint. I'll explain why.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the applicable terms and conditions of the customer's account or the service used. And in this case it's not in question whether Mr M authorised these payments. It's accepted by all parties that Mr M gave the instructions to Wise and Wise made the payments in line with those instructions, and in line with its terms and conditions.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from his customers are firstly genuine, and secondly won't result in harm.

I should start by explaining that Wise recovered the full value of payment two, which it returned to Mr M. So as there's no outstanding loss in relation to that payment, I've only considered payment one in my decision.

Wise says that the payment in question wasn't linked to Mr M's Wise account, but was processed through its service as a Payment Initiation Service Provider ("PISP"). In practical terms this means that rather than the payment being made from Mr M's account balance at Wise, the payment was made from Mr M's external bank account and routed through Wise, and it was converted by Wise into US Dollars before being sent to the recipient. But in defending its case Wise has also referred to Mr M's account activity to support its position that the payment wasn't unusual or out-of-character for Mr M. As I can't be sure which scenario applies, I've considered both – one in which the payment was independent of Mr M's Wise account, and one in which it was linked to his account and the associated activity history.

I've firstly considered Wise's position in relation to it being used as a PISP. I've concluded that because the funds weren't transferred from Mr M's Wise account balance, Wise wouldn't necessarily have had visibility of his prior transaction history when processing

the payment. And as this was also the first time in around three months Mr M had made a payment in this way, there was no pattern of activity that would've made the transaction appear suspicious.

I also think it would be the responsibility of the sending bank – where Mr M transferred the funds to Wise from – to identify anything unusual about the payment and intervene if necessary. That bank would've had a more complete picture of Mr M's typical account usage, giving it the opportunity to use what it knew about Mr M to spot any risks of financial harm that appeared out-of-line with how he usually used his account.

Turning to whether I'd have reached a different conclusion if Wise had linked the payment Mr M made to the transactional data on his Wise account, or if it had been made from his Wise account, I also haven't concluded that Wise ought to have done more here.

Even if Wise had been able to link the scam payment to Mr M's account history, I don't think this would've given Wise cause for concern that ought to have triggered it to intervene before processing the payment.

I say this because whilst the payment was for a high value – over £15,000 – Mr M had made similarly large transactions in the months preceding the scam. This included a payment of \$19,990 (equivalent to £15,646) in January 2024 and another of \$48,385 (equivalent to £39,224) in September 2023. The first scam payment was also the first payment Mr M had made in around three months, so there wasn't an emerging pattern of payments that might've looked suspicious to Wise. So even if Wise had used what it knew about Mr M in assessing whether the payment showed an elevated risk of being related to a scam, I don't think Wise ought to have concluded that it did, so it wasn't wrong for it not to intervene.

With all of the above in mind I'm persuaded that there was no clear indication that the scam payment was out-of-character or required further scrutiny before Wise processed it. I'm satisfied that this is the case whether it was a one-off payment that wasn't linked to Mr M's Wise account, or if it was in fact linked to his account, as it wouldn't have looked out-of-character or given signs that Mr M were at risk of financial harm.

I'm very sorry that Mr M fell victim to this scam and I know this'll be disappointing for him, especially as I've departed from the investigator's opinion. But for the reasons I've explained I don't currently intend to uphold his complaint or hold Wise responsible for what he unfortunately lost.

I've summarised the points Mr M made in his response below:

- He asked whether Wise's role as a PISP could be more clearly documented to confirm its monitoring obligations.
- He highlighted that before the scam his Wise account was only used to transfer funds between his own accounts.
- He said the scam payments were unusual because they involved a new originating bank, were the first international payments, and were sent to a third party for the first time.
- He said that these factors, along with the large transaction size, should have triggered an intervention from Wise.

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've thought carefully about the additional points Mr M has raised, and I want to assure him that I've carefully reconsidered his complaint in light of what he's said. But having done so I'm still not upholding it. I'll explain why.

I understand why Mr M asked about Wise's role as a Payment Initiation Service Provider (PISP) and whether this should be more clearly documented or proven. But I don't consider it necessary for Wise to provide further evidence of its role in processing this transaction. In cases where a firm is acting as a PISP, it doesn't hold the customer's funds but simply facilitates the initiation of a payment from an external bank account. In this instance, it's not disputed that Mr M instructed Wise to process the payment, and there is no indication that Wise failed to follow his instructions or acted outside of the applicable regulations governing its role.

Turning to Mr M's comments about his previous account activity, I appreciate that before the scam his Wise account was only used to transfer funds between accounts held in his name. He's highlighted that the scam payments differed in key ways, including a new originating bank, the first-ever international payments from the account, and the fact that the payee was not Mr M himself. I do acknowledge that these factors represent a departure from his usual activity.

But I must still consider whether Wise ought reasonably to have identified these transactions as unusual and intervened. As I previously outlined, Mr M had made similarly large transactions through Wise before, so the value of the payment alone wouldn't have stood out as suspicious. And whilst the destination and method of payment were different from previous transfers, Wise – acting as a PISP – wouldn't necessarily have had visibility over the broader context of Mr M's financial activity, such as where the funds originated from or his typical use of other accounts. Given this, I don't think it would be fair or reasonable to say Wise should've recognised these payments as high-risk and taken action to intervene. Although Wise initiated the payments, I believe responsibility for monitoring for unusual activity would lie with the funding institution.

Ultimately, Wise was entitled to process the payments in line with Mr M's instructions, and I haven't seen sufficient evidence to conclude that it acted unfairly or unreasonably in doing so. Whilst I sympathise with Mr M's situation and regret that he was the victim of this scam, I don't believe Wise is responsible for his loss.

I'm very sorry to disappoint Mr M but for these reasons I haven't reached a different conclusion to what I explained in my provisional decision.

My final decision

I don't uphold Mr M's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 24 April 2025.

Sam Wade
Ombudsman