

The complaint

Miss D complains about Wise Payments Limited (Wise) refusing to refund her the amount she lost as the result of a scam. Miss D is represented in this complaint, but I'll refer to her as it's her complaint

What happened

Miss D was looking to earn a second income and she was contacted, on a messaging app, by an unknown person (the scammer) about a flexible job opportunity.

The job involved undertaking hotel review tasks that would generate commission. Miss D was advised that she needed to use her own funds to generate high value tasks, but she would then receive this back together with the commission she earned. And to facilitate this she needed to open two accounts with Electronic Money Institution's (EMI's), one with Wise and another with Firm A.

Miss D believed it to be a legitimate opportunity and agreed to do the job. She provided documents and was given an account manager who assisted her through a training process. Also, she was given access to an account platform which showed her tasks, earnings balance and potential earnings. In addition, she was given access to a shared messaging app where she interacted with other people who were earning high amounts of commission.

To pay for the tasks on her job account and release the commission she had generated, Miss D was given various sort codes and account numbers to pay from her Wise and Firm A accounts. Miss D followed the scammer's payment instruction and, as her job account continually showed a negative balance, she sent the scammer more and more of her money.

Between 3 November and 8 November 2023, Miss D made the following payments totalling GBP £2,666.55 and EUR €5,739.95:

No.	Date	Transaction Type	Sent To	GBP	EUR
1	03/11/2023	Wise Faster payment	Account of Person A	£50.55	
2	04/11/2023	Wise Faster payment	Account of Person B	£47	
3	04/11/2023	Wise Faster payment	Account of Person C	£25	
4	05/11/2023	Wise Faster payment	Account of Person D		€73
5	05/11/2023	Wise Faster payment	Account of Person D		€155
6	05/11/2023	Wise Faster payment	Account of Person E	£62	
7	06/11/2023	Wise Faster payment	Account of Person F		€282
8	06/11/2023	Wise Faster payment	Account of Person G	£982	
9	07/11/2023	Wise Faster payment	Account of Person H		€1,785.95
10	08/11/2023	Wise Faster payment	Account of Person I		€3,444
11	08/11/2023	Wise Faster payment	Account of Person H	£1500	

			Total Paid	£2,666.55	€5,739.95
	22/02/2024	Wise	Recovered	£1,500.00	
			Total Loss	£1,166.55	€5,739.95

After making other payments, from the account she opened with Firm A, on 8 November and 9 November 2023, Miss D realised she had been the victim of a sophisticated scam.

Although Wise recovered £1,500, Miss D complained to them seeking a refund of her losses totalling GBP £1,166.55 and EUR €5,739.95.

However, Wise didn't think they were responsible for Miss D's loss. Their reasons included the following:

- The individual transaction amounts were not significantly high and couldn't be considered out of the ordinary
- At the time, they had no account history to consider
- All but one of the recipients were verified Wise customers with no prior red flags or concerns
- They displayed adequate scam warnings and made efforts to mitigate potential losses. However, Miss D chose the incorrect transfer purpose, preventing them showing specific warnings.
- They considered the nature of the scam (job task) should've triggered clear red flags for Miss D. Paying money for employment is an uncommon practice and making payments to private individuals' accounts instead of established businesses is highly unusual and should've raised concerns to Miss D.

Miss D brought her complaint to our service, but our investigator didn't ask Wise to refund her funds as she considered they had acted fairly and reasonably in its dealings with her.

As Miss D remains dissatisfied her complaint has been referred to me to look at.

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'd first like to say I'm very sorry that Miss D has been the victim of such a cruel scam and lost a significant amount of money here. I don't underestimate the severe impact this has had on her; however, I'm not upholding this complaint and I'll explain why.

In broad terms, the starting position in law is that an Electronic Money Institution (EMI) such as Wise is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. And a customer will then be responsible for those transactions that they have authorised.

It isn't in dispute here that, having been persuaded by the scammer, Miss D authorised Wise to make the payments, in the above table, from her account with them. So, although she didn't intend the money to go to a scammer, the starting position in law is that Wise was obliged to follow her payment instructions and Miss D isn't automatically entitled to a refund.

Firms though have a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customer's accounts

safe. This includes looking out for payments which might indicate the consumer is at risk of financial harm.

However, they do have to strike a balance between the extent to which they intervene in payments to try and prevent fraud and/or financial harm, against the risk of unnecessarily inconveniencing or delaying legitimate transactions.

So, I considered whether Wise acted fairly and reasonably in its dealings with Miss D when she made the payments, or whether it should've done more than it did.

I first considered the purpose of a Wise account, Miss D's use of it and Wise's actions.

Wise is an EMI and not a bank, and its primary purpose is to send payments worldwide, often in a particular currency. And payments are typically for friends, family members and payments for goods and services that can range from one-off low amounts, regular amounts and large amounts.

Also, making a transfer to a new person isn't unusual and accounts are often used for overseas payments. And Miss D opened the account to facilitate these payments so there was no previous account activity for Wise to decide whether or not the payments were unusual.

Miss D's payments weren't made to a merchant. Instead, all were made to individual accounts and all but one of the recipients (Person H) were verified Wise customers. And Wise didn't have any information to suggest these customers presented a risk to Miss D or them.

I don't think the first transaction stood out or there were any clear hallmarks that the transactions were high risk or could possibly be a scam.

I found that Wise did have a risk based warning system in place which, depending on customers' answers to questions which identify circumstances where there is a high probability of a risk such as a scam, gives customers warnings and important protection information for them to consider. Wise's system does though rely upon customers reading the warnings and providing accurate answers.

The eleven payments were made over a five day period. Payments one to seven were all low amounts and payment eight was under £1,000, so I wouldn't have expected Wise to have any reason to have a concern about these. And Miss D was presented with a large bright exclamation mark and warning saying 'this could be a scam' for most of the payments. This was the same for the larger payments, transaction nine to eleven.

But, importantly, before she could complete each transaction Wise asked her to tell them the purpose of the transaction so their risk based warnings system could be triggered and give her the appropriate warning, advice and intervention.

Miss D was asked to choose from one of the following seven options:

1. *'Sending money to yourself'*
2. *Sending money to friends and family*
3. *Paying for goods or services*
4. *Paying a bill (like utilities or tax)*
5. *Making an investment*
6. *Paying to earn money by working online*
7. *Something else'*

Miss D was undertaking the transactions to earn money from online work, so the above option that she should've selected was option 6 (*Paying to earn money by working online*). Yet, Miss D selected the above option 3 (*Paying for goods or services*) when that clearly wasn't what she was doing.

Selecting an incorrect answer meant:

- The transactions didn't stand out as unusual, look different or appear high risk as Wise wasn't aware it was for an online job
- Wise couldn't implement their risk model and providing the higher risk advice and intervention on online jobs for which scams are common

Miss D selected the goods and services option, and she may have been encouraged or coached to avoid her transactions being scrutinised or blocked.

From looking closely at Miss D's transactions with Firm A I could see that she was adamant she wanted to proceed with further transfers when they:

A. Gave her the following warning:

'Our systems detected that these payments were being performed to a new beneficiary. Consequently, we displayed the following message in her X app: "Do you know and trust this payee? If you're unsure, don't pay them, as we may not be able to help you get your money back".'

B. Subsequently told her they were suspicious, and the transfers were riskier than the majority of transactions. They said, *'Your transfer is more unusual than 99.2% of all Firm A transfers.'*

C. Put her in touch with their support team who:

- Asked her about the purpose of the payment, whether someone was pressuring her to make the payment and if she had been called unexpectedly *'by someone you don't know or have only met online recently'* (which was the case here)
- Gave her further warnings which included:

'We think there's a high chance that your money might be at risk if you make this transfer.'

Make sure any research you do is your own – fraudsters may appear knowledgeable, create convincing-looking posts on social media

If you are being guided, take a moment to pause and VERIFY the legitimacy of the request. Scammers often pose as trusted entities and instruct you to make payments. These scams lead to FINANCIAL LOSS and compromise your personal information. Be wary of unsolicited messages or calls requesting payments to be made because your money is at risk or investments to be initiated because there's a "too good to be true" opportunity at stake. If you have any doubts or believe you've encountered a scam, please report it immediately to us

Scammers are using increasingly sophisticated techniques to gather personal information and convince customers to transfer funds in complex scams. They can pretend to be a financial institution, government institutions, trusted online merchants, an exciting investment opportunity

Have you recently been contacted by anyone unexpectedly on the phone or by text, advising you of a concern and asking you to move money to another account?'

I found that despite the above interventions and advice, which to cover coaching included *'being guided'*, Miss D also gave Firm A an incorrect reason for making the transfer.

So, even if Miss D selected the right option and obtained the correct warning, I'm not persuaded it would have made a difference here.

Considering all the circumstances here, including the primary reason for the use of EMI's (as explained above) and Wise's warning system, I don't think there were sufficient grounds for Wise to think Miss D was at risk of financial harm from fraud when she made the payments.

The response it did carry out was proportionate to the identifiable risks in the circumstances, and I don't find it needed to do more than it did.

I'm also satisfied that Wise did try to recover Miss D's funds, however it was only possible for them to recover £1,500.

In conclusion, I recognise Miss D has been the victim of a cruel scam and I'm very sorry she's lost this money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with her, so I won't be asking them to make any refund.

My final decision

My final decision is that I do not uphold this complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss D to accept or reject my decision before 22 May 2025.

Paul Douglas
Ombudsman