

The complaint

Mr N is unhappy that Wise Payments Limited will not refund the money he lost as the result of an authorised push payment (APP) scam.

What happened

As both parties are familiar with the details of the scam, I will not repeat them in full here. Mr N fell victim to a job/task scam. In summary, he was contacted by the scammer via a messaging platform and offered the opportunity to earn commission by completing tasks online (reviewing hotels). He was told he first need to deposit funds into an international account so made the following faster payments:

payment	date	time	value
1	1/12/2024	14:00	£820
2	1/12/2024	16:57	£1,850
3	1/12/2024	17:02	£1,850

Mr N reported the scam to Wise on 2 December 2024. After Wise said it would not refund the payments Mr N raised a complaint. At this stage Wise said it ought to have intervened at the time of payment 3, but as Mr N could also have done more to prevent his loss, it was refunding 50% of that payment.

Our investigator found this to be a fair outcome and in line with what she would have instructed Wise to do.

Mr N disagreed. He said there is now a Mandatory Reimbursement requirement for APP fraud under the Payment Systems Regulator's rules and from his perspective, Wise did not do enough to protect him as a customer during this incident. Also, Wise claims to have recovered 50% of the lost funds, but he was reimbursed only £925 - significantly less than 50% of the total amount lost. He asked for clarity on this discrepancy.

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.

In broad terms, the starting position at 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 (2017) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to have been good industry practice at the time, I consider it fair and reasonable in December 2024 that Wise should:

- have been monitoring accounts and any payments made or received to counter

various risks, including preventing fraud and scams;

- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer;
- have acted to avoid causing foreseeable harm to customers, for example by maintaining adequate systems to detect and prevent scams and by ensuring all aspects of its products, including the contractual terms, enabled it to do so;
- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment;
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multistage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

To note, as the faster payments were made to an international account the Faster Payment Service (FPS) mandatory reimbursement rules for APP scams that Mr N referenced are not applicable.

In this overall context I do not find Wise needs to take any further action. I will explain why.

The first thing we consider when looking at APP scam complaints is whether the business ought to have paused before processing any of the payments involved. Here I think Wise needed to do so at the time of payment 3 given it was the third payment to an overseas account in a number of hours and this type of activity was not usual for Mr N's account. It has also reached this conclusion. Typically, we would then consider what the business ought to have done – what kind of warning it ought to have provided, whether it ought to have had made direct contact with its customer and what the likely outcome would have been. Here however Wise has already accepted that had it intervened at the time of payment 3 it could have prevented Mr N's loss from that payment so I need make no further comment on that.

It has then said that it can only be held liable for 50% of that loss as Mr N could also have done more to prevent his loss. I agree with this position, and I will explain why.

Mr N sent (rather than received) money to do a job, he had no employment contract or agreed terms for how he would recover this money and the recipient account was not in the UK. I accept Mr N was subject to social engineering, but all of these issues were significant red flags yet Mr N went ahead without doing proper due diligence to address these anomalies.

As Wise has already paid the 50% refund I will not be asking it to refund any further amounts. However, in line with our unusual approach if it did not add interest it should now pay Mr N interest on the above amount at the rate of 8% simple per year from the date of payment 3 to the date it made the 50% refund.

If Wise considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr N how much it has taken off. It should also give Mr N a tax deduction certificate if he asks for one.

I have also considered if Wise did what we expect to recover the money once it became aware of the scam. It has said it could have acted faster but that this would have made no difference as there is a 0% recovery rate on funds sent to the country Mr N sent his money to. In these circumstances it is reasonable to agree that a swifter recovery attempt would not

have changed the outcome for Mr N.

Mr N asked for an explanation of the discrepancy between the 50% of lost funds Wise recovered and the £925 he received. I hope the findings above make clear why he received £925 – it was a 50% refund of payment 3 as Wise agreed it should have done more at this stage. Wise never recovered 50% of the lost funds.

My final decision

I am not upholding Mr N's complaint. Wise Payments Limited must however check whether it paid interest on the refund and if not do so promptly as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 1 December 2025.

Rebecca Connelley
Ombudsman