

The complaint

Ms M complains that Wise Payments Limited ('Wise') won't refund money she lost when she was a victim of an impersonation scam.

What happened

The background of this complaint is well known to both parties, so I'll only refer to some key events here.

In summary, around November 2022, Ms M received a call from a person claiming to be from the anti-scam service of a foreign country (which I'll refer to as 'C'), who we now know to be a scammer, who I will refer to 'S'. S advised Ms M that her name and identification ('ID') had been used to claim medical insurance in C and asked if this was her, which Ms M denied. S then asked Ms M to stay on the call as he would need to redirect her to a police station in C. When the call was supposedly redirected to the police station, a second scammer then told Ms M her ID had been used in a separate case which was being investigated by them. The case involved her ID being used to obtain a bank account for the purposes of cryptocurrency with the amounts involved being the equivalent to just over £700,000. Ms M again denied any knowledge of this.

S advised Ms M to go onto the official website of the police station in C to verify she was speaking with the police, which Ms M did. She was told the case was highly confidential and leaking any information would be committing a crime. She was also told not to search for related information online as the internet could be monitored by the criminals, and she was asked to report to them for her own safety on a regular basis.

S then said they had carried out background checks on Ms M and her family and they were satisfied she didn't have any intention to commit the crime. S also provided Ms M with a copy of her family's national ID cards, which further convinced her the scam was genuine. Ms M was then asked to go to C for further investigation, however, she said this was not possible.

S then asked her to transfer money to bank accounts belonging to two police officers to prove she had sufficient funds and didn't have any intention to commit the crime. They advised that, once the funds were paid the police would complete their investigation and asked her to wait for a response.

As a result, Ms M moved £82,000 from an account she held with another bank – which I'll refer to as 'L' to her account with Revolut, and then subsequently, made the following seven international payments to S:

Payment	Date and time	Payment method	Payee	Amount
1	30/11/22 13:46pm	Fund transfer	1	£15,000

2	30/11/22 14:04pm	Fund transfer	1	£12,000
3	30/11/22 14:07pm	Fund transfer	1	£12,000
4	30/11/22 14:10pm	Fund transfer	1	£12,000
5	30/11/22 14:17pm	Fund transfer	1	£12,000
6	30/11/22 14:19pm	Fund transfer	1	£12,000
7	01/12/22 10:18am	Fund transfer	2	£7,000
			Total loss	£82,000

On 5 December 2022, Ms M transferred a further £32,000 from L to her Wise account. She then attempted to continue making payments to payee one as part of the scam, however, Wise reviewed her account activity and cancelled the transactions and deactivated her account. The account balance was then refunded to Ms M on 22 December 2022, after they decided to keep her Wise account deactivated.

Ms M realised she had been a victim of a scam when no further contact was received from S. She then found a number for the genuine anti-scam service in C and they confirmed they don't forward calls onto the police and she had been a victim of a scam. She then reported the case to Action Fraud and raised a complaint with Wise.

Wise didn't uphold Ms M's complaint, in short, they said:

- The obligation to ensure the legitimacy of the recipient in any given transaction lies with the sender of the payment.
- As Wise is a money remittance service, they do not have the ability to be involved in disputes between senders and recipients.
- We always recommend that all our customers perform their own investigations on that person or business before setting up a payment.
- Wise cannot be made liable for any circumstances beyond our control, such as when a loss occurs because of fraudulent behaviour on behalf of the recipient after a payment has been made to them.
- Wise completed the transfer order(s) as directed and therefore have fulfilled our contractual obligations to do so.

Ms M's complaint was referred to the Financial Ombudsman. Our Investigator didn't however think Wise had to do anything further. She said Wise provided scam warnings to Ms M on three occasions and asked her to confirm their payment purpose. Ms M selected 'Sending money to friends and family' which was consistent with the reason she gave Wise at account

opening. Our Investigator also mentioned, having reviewed the scam chat, Ms M was being heavily coached and even if she was to say Wise should undertake further intervention on the payments, by carrying out additional checks, she wasn't persuaded it would have made a difference. She explained, in her opinion, Ms M would have continued to provide coached answers and bypassed Wise's questioning, so she didn't think Wise were at fault for processing the payments in accordance with Ms M's instructions.

Ms M asked for her complaint to be reviewed by an Ombudsman. In summary, she said:

- Wise had the final say on if the transfers could be made or not, and it had more information regarding the wider scam circumstances. Including published documents as early as September 2022 and November 2021 related to scams, which indicates scams were well known for the banks / finance services by that time.
- Wise could have closed her account earlier than it did, which would've prevented her loss.
- The call was not suspicious at all, as she had been communicating with the embassy for C during early October, so when she received the call, she thought it could be related to an update for the enquires she had made previously.
- If Wise had asked questions like L did when she was making such large transactions, she believes the loss could have been reduced. And the more questions Wise asked, the higher the possibility that it could have found out it was a scam.
- She didn't agree that the decision on whether to hold Wise responsible for processing the payments should be based on her responses. It should be based on if it has done sufficiently to check the payments or deal with the payments as a bank / finance service.
- Said doesn't agree Wise just sending a single email about a £82,000 payment with abnormal transaction behaviour on a newly opened account was sufficient.
- Overall, she doesn't agree Wise had no responsibility at all in this case and think's a refund should be issued based on the amount of responsibility it should take.

As no agreement could be reached, the matter has been passed to me to decide.

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'm sorry Ms M has been the victim of a scam, and I don't underestimate the impact this has had on her. I therefore want to reassure Ms M that I've given this matter very careful consideration. But while I accept Ms M has lost a significant amount of money due to being deceived by S, I must consider whether Wise are responsible for the loss she has suffered. I know this won't be the outcome Ms M is hoping for, but for similar reasons as our Investigator, I don't think they are. So, I don't think Wise has acted unfairly by not refunding the payments. I'll explain why.

Before I do, I'd like to say at the outset that if there is a submission I've not addressed; it isn't because I've ignored the point. It's simply because my findings focus on what I consider to be the central issue in this complaint – that being whether Wise are responsible for Ms M's loss.

I've also thought about the Contingent Reimbursement Model (CRM) code which can offer a potential means of obtaining a refund following scams like this one. But as Wise isn't a signatory of the CRM code, these payments aren't covered under it. I've therefore considered whether it would otherwise be fair and reasonable for Wise to reimburse Ms M.

In broad terms, the starting position in law is that an electronic money institution (EMI) is expected to process payments that their customer authorises them to make. It isn't disputed that Ms M knowingly made the payments from her account – albeit under the direction of S – and so, I'm satisfied she authorised them. Therefore, under the Payment Services Regulations 2017 and the terms of her account, Wise are expected to process Ms M's payments, and she is presumed liable for the loss in the first instance.

However, taking into account the regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for Wise to take additional steps or make additional checks before processing a payment to help protect customers from the possibility of financial harm from fraud.

Wise have mentioned, as they are not Ms M's primary financial provider, they do not have access to Ms M's income or savings information to determine whether a single inbound payment of £82,000 was significant in proportion to her held funds. I agree that Ms M's account with them wasn't her primary account. That said, it doesn't mean Wise has no obligation to Ms M. I'm satisfied Wise, under PRIN 2.1 in the Financial Conduct Authority's handbook, has a duty of care to treat their customers fairly. And Wise is also expected to be on the lookout of financial crime – and their terms and conditions reflect that they will take action if they suspect fraudulent activity. From this, I'm satisfied Wise should fairly and reasonably:

- Have been monitoring accounts and any payments made or received to counter various risks, including anti-money laundering, countering the financing of terrorism, and preventing fraud and scams.
- Have had systems in place to look out for unusual transactions or other signs that might indicate that their 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 financial institutions are generally more familiar with than the average customer.
- In some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, before processing a payment, or in some cases declined to make a payment altogether, to help protect customers from the possibility of financial harm from fraud.

When considering this, I've kept in mind that EMIs process high volumes of transactions each day – with 'quick and easy', as Wise have pointed out, a feature offered by them to their customers. Because of this, there is understandably a balance for Wise to find between allowing customers to be able to use their account and questioning transactions to confirm they're legitimate. I therefore wouldn't expect Wise to suspend and question every transfer made by a customer, but only those whereby there are reasonable grounds for them to suspect there is risk of financial harm from fraud.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in their dealings with Ms M.

The payments

One of the key features of a Wise account is that it facilitates money transfers, often involving large amounts and sometimes to overseas accounts. Nonetheless, I've thought about whether they did enough to protect Ms M from the risk of financial harm – including whether they took appropriate steps, such as carrying out additional checks before processing payments, early enough in the scam. Having done so, I don't think they did.

I think Wise ought to have identified Ms M might be at risk of harm from fraud from payment one. The account was newly opened, and so, Wise didn't have any prior account usage to establish whether the scam payment was out of character for Ms M. But the payment was for a large sum and an international payment, so it would've been reasonable for Wise to carry out further checks before processing it, especially as Ms M had deposited a single payment of £82,000 from her account with L, on the same day she opened her Wise account.

Wise have shown they did intervene on a few payments Ms M made and asked further questions and based on the answers she provided; they allowed the payments to be processed. However, even if Wise had asked further questions about the nature of the payments Ms M was making, I'm not persuaded it would have likely revealed that she was falling victim to a scam or ultimately prevented her loss. I'll explain why.

- Based on the scam chat provided, it's clear that Ms M was being heavily coached by S as she was sharing every question, she was being asked by Wise with them, and they were telling her what to say. This is evident when Wise contacted her via email, requesting more information about why she was using her Wise account, the reason for the incoming payment and her connection with the recipients. Ms M shared a screenshot of the questions Wise asked her with S and they provided her with a response for each question, which Ms M then shared with Wise.
- Ms M has told us she wasn't honest with Wise as she was convinced the call was genuine and she had been told leaking any information would be committing a crime. She also mentioned she was told to go to them for any questions she got asked, which is what she did. Ms M also said she was told the crime case she was involved in was highly confidential, so she thought lying to Wise was their way to keep the case confidential. Ms M was also told to report her whereabouts to S daily, by sending a picture to make sure that she was safe, which should have raised concerns regarding the genuine nature of the call.
- L have also shown us the scam script which they read out to Ms M when she made the transfers from her account with L to Wise, which mentions the following: "fraudsters may contact you by telephone, email, knocking on your door or via social media. Often fraudsters, claim to be from trusted organisations such as Police, HMRC, FCA, your broadband company or the Banks fraud team: I need you to tell me if this has happened." L also asked Ms M the following questions: "Have you been told to lie to the bank about reason for payment or told your money is at risk? (only a fraudster would say this)" and "has someone you don't know or someone unexpectedly asked you to make this payment?" This was the exact situation Ms M was falling victim to; however, she chose to disregard this message and continue with the transfers to facilitate the scam payments.
- After Wise returned the £32,000 to Ms M's account with L, she then sent it to another one of her banking providers. From there, she sent the money to S. This demonstrates a willingness to follow the scammer's instructions even when Wise had prevented the payments from being made – which should've led her to question why.
- Another one of Ms M's banks questioned the payment(s) and asked what the nature of the transaction was for, to which Ms M said she was paying a friend who needed

some money that she had confirmed she'd spoken to over the phone. This wasn't true. And the bank gave her scam warnings about making high value international payments.

- So, it's clear Ms M was not providing accurate information about the true purpose of the payments when questioned by Wise and her other banks. I appreciate she had been coached to mislead the bank by the scammer, however even when Wise deactivated her account and refused to process any further payments, this still didn't prevent Ms M from making further payments, as she then transferred the funds to a different account in her own name, before making further payments to the scammer.

Based on all the information I've mentioned above, I'm not persuaded any further questioning, or scam warnings Wise could've provided would have likely revealed the scam. Sadly, I consider Ms M was heavily under the scam and to the point whereby she was following their instructions implicitly – which prevented Wise from knowing the true reasons for the payments and providing appropriate scam warnings. So, I don't consider it would be fair and reasonable to hold Wise liable for failing to prevent Ms M's loss.

Recovery

I've also considered the steps Wise took when Ms M reported to them that she'd been the victim of a scam. I don't think there were any failings which impacted their ability to recover any funds as the scam was reported nearly five months after the payments took place. Also, international payments are much more unlikely to be recoverable. Unfortunately, it is a common feature of scams such as this that funds are promptly moved on by the scammers.

I appreciate this will come as a disappointment to Ms M, and I'm sorry to hear she has been the victim of a cruel scam. However, in the circumstances, I do not consider it would be fair and reasonable to hold Wise liable for her loss.

My final decision

For the reasons given above, I do not 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 16 July 2025.

Israr Ahmed
Ombudsman