

The complaint

Mr M has complained that Wise Payments Limited won't refund money he says he lost to a scam.

What happened

The details of the complaint are well known to both parties, so I will not repeat them again here. Instead, I will focus on giving the reasons for my decision.

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 in law is that an EMI is expected to process payments that their customer authorises them to make. It isn't disputed that Mr M authorised the payments from his Wise account. Therefore, under the Payment Services Regulations and the terms of his account, Wise is expected to process Mr M's requests, and he is presumed liable for the loss in the first instance.

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 September 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;
- 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 – (as in practice Wise sometimes does);
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage 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.

Our service has referenced the relevant rules, codes of practice and good industry practice at the time, in many previous decisions published on our website.

I am aware that Mr M has said he would like his complaint to be considered in light of the Contingent Reimbursement Model (CRM). But Wise has not signed up to the CRM code, which is voluntary, so they are not required to follow the code. I also note, that as this was an international payment, it wouldn't be covered by the CRM code.

It's not in dispute that Mr M authorised the disputed payments in question. On 19 June 2024 he sent \$2,744 (£2,165.44) to the scammer (for a Holiday and safari trip). I appreciate Mr M's account was opened on 26 August 2019 and over all there was a relatively low level of activity on the account. So, with limited history to consider, I accept from Mr M's perspective this payment could have looked out of place compared to Mr M's previous activity on the account. But it's important to note that there is a difficult balance to be struck between firms identifying payments that could potentially be fraudulent and minimising disruption of legitimate payments. It would be impossible to prevent all fraud without a significant number of genuine payments being delayed considerably and inconveniently. So, while there was limited account activity and a substantial amount to Mr M, I am satisfied it wouldn't have stood out as unusual, I say this because, in context of what I would generally expect a EMI to identify as suspiciously large, the amount itself isn't remarkably high.

I have also considered where the payment was being sent to. Wise is a business which specialises in international payments and although it provides accounts which can be used for everyday spending, this is not how Mr M was using its services. Instead, he instructed it to make a single international payment. It's likely that many customers of Wise will use its services in this way – having an account specifically to make an international payment and then using the account infrequently and only when they need to make an international payment arises. So again, I don't think this would have stood out to Wise as suspicious or that Mr M was at risk of falling victim to a scam.

Bearing this in mind, I'm satisfied it wouldn't be reasonable to expect Wise's systems to have been triggered by the payment in dispute. I don't think Wise could reasonably have known that the payment was the subject of a scam. The payment was not significant enough to have triggered its systems; nor were there sufficient grounds to justify delaying the payments.

I have gone on to consider if Wise took reasonable steps to try and recover the funds. In any event due to the time that had passed from when the scam occurred and when it was reported to Wise and in conjunction with Mr M confirming the payment was an international payment, I am satisfied it was always unlikely the funds would have been recoverable. All things considered, and despite my natural empathy for this cruel scam and the situation Mr M finds himself in having lost his money, I'm not persuaded Wise ought to have identified the payments as unusual or suspicious and therefore wouldn't have been proportionate for it to have intervened, for the reasons I have explained. It follows that I do not consider it fair or reasonable to require Wise to do anything further.

My final decision

My final decision is that I do not uphold this complaint.

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

Jade Rowe
Ombudsman