

The complaint

Miss B complains that Wise Payments Limited ('Wise') won't reimburse her for a payment she made to a scam.

Miss B has been represented by her husband but for ease I will refer only to Miss B in this decision.

What happened

I issued a provisional decision on this complaint last month. An extract from that provisional decision is set out below.

The detailed background to this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

In, or around, June 2024 Miss B booked a villa in Spain through an online travel agency. The booking was cancelled and Miss B, therefore, contacted the villa owner directly. The owner asked Miss B to make a booking via a travel website, so Miss B tried to do that. She made a payment from a credit card she held with another bank, through Wise, to the villa owner. Unfortunately, the owner then became uncontactable, and Miss B realised she'd been scammed.

She complained to Wise and said they should have had processes in place to ensure she wasn't scammed. Wise didn't uphold her complaint. They said that as they weren't Miss B's primary account they weren't to know if the payment was out of character. They did what Miss B had asked them to do by processing the payment and they had provided warnings to Miss B about the risks involved.

Miss B referred her complaint to this service and our investigator provided his view. He thought Wise had been right to query the transaction and intervene, but he was content that the information Miss B provided in response to those warnings wouldn't have raised any reasonable concerns. He didn't think Wise ought to have done anything else and he didn't think it would be fair to hold them responsible for the loss Miss B had incurred.

Miss B didn't agree with the investigator. She explained that she'd been advised that, as the payment was made with a credit card, any issue with the payment would be covered. She felt that as Wise had believed there was sufficient information to issue a warning they had, in essence, admitted they were wrong to process the payment. She asked for a decision by an ombudsman.

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.

I was very sorry to hear that Miss B had lost money in the way that she did. I appreciate how distressing and frustrating it must have been for her, but I don't find there were any failings on Wise's part that would lead me to ask them to refund all or part of Miss B's loss. I do, however, think they should pay Miss B some limited compensation for not attempting to recover the funds. I'll explain why.

The Financial Ombudsman is designed to be a quick and informal alternative to the courts. Given that, my role as an ombudsman is not to address every single point that has been made. Instead, it is to decide what is fair and reasonable given the circumstances of this complaint. And for that reason, I am only going to refer to what I think are the most salient points. But I have read all of the submissions from both sides in full and I keep in mind all of the points that have been made when I set out my decision.

Where the evidence is incomplete, inconclusive, or contradictory (as it is here), I have to make my decision on the balance of probabilities – that is, what I consider is more likely than not to have happened in the light of the available evidence and the wider surrounding circumstances.

I'm required to take into account the relevant, laws and regulations; regulators rules, guidance, and standards; codes of practice and, when appropriate, what I consider to have been good industry practice at the relevant time.

Broadly speaking, Miss B is responsible for any payments made from her account which are properly authorised, as they were here, and a money transfer/payment service provider (in this case, Wise as an authorised Electronic Money Institution "EMI") is expected to process valid payment instructions quickly and with minimal friction. These positions are set out in the Payment Service Regulations (2017).

However, taking into account the relevant law, regulations, industry guidance, and best practice, firms like Wise ought fairly and reasonably to have systems in place to monitor transactions and accounts for signs that its customer might be at risk of financial harm through fraud. Where such risks are detected, there ought to be action from the bank to intervene through the giving of warnings and scam education. Any intervention should be proportionate to the risk presented by the circumstances of the payment.

When Miss B used Wise to make this payment, I would have expected them to query it. I say that because it was to a new payee, it was to an international payee (although I understand that many transactions made through Wise will be of that type) and it was for a reasonably high value, especially as the newness of the account meant Wise had no experience of the amount of money Miss B usually spent.

Wise have explained that they did intervene. They sent a message that gave Miss B some warnings about transactions related to goods and services and asked her to pause and think whether the transaction could be a scam, and they followed that up with a further message in which they asked Miss B to tell them why she was making the transfer, what it was for and what her relationship was with the payee. Miss B told them the truth, that she believed the payment was for a villa rental, that it was in Spain and that her relationship was with the owner. Wise asked Miss B to provide 'proof of payment' by which I think it's clear they were looking for proof of the booking, or perhaps an invoice. The description was, in my opinion, a little vague but Miss B provided a screen shot to show the transaction details including who she was paying, what the payment was for, and a transaction number. On balance, I think the warnings provided, and questions asked, were reasonable and in proportion to the risk involved in the transaction. I don't think Wise were told anything that should have raised concerns or that would have fairly led to a need for any further intervention, and I don't, therefore, think it would be fair to hold them responsible for Miss B's loss.

I've thought about whether Wise acted reasonably when it was made aware of the scam. They've explained that they didn't try to recover the funds as it was almost a month before Miss B referred her complaint to them and by then they believed it highly likely that the funds would have been moved on. They've also explained that the Spanish bank the payment was made to would require them to provide a police report and that the Spanish bank doesn't have a duty to disclose when the money left the account. Payments made to scammers are usually moved on very quickly and it seems to me very unlikely Wise would have been able to recover the money. But Wise should have made a reasonable attempt to recover it when notified of scam and I don't think they did that here. They didn't request the police report from Miss B, and the fact that the receiving bank wouldn't confirm when funds left didn't prevent Wise from initiating a recall – it just limited the feedback they would get. So, while I still don't think it would be fair to hold Wise responsible for Miss B's loss, I think they should provide some limited compensation for the distress and inconvenience caused by their failure to attempt recovery. In the circumstances of this complaint, I think a fair level of compensation is £150.

Miss B believes she should be entitled to her money back as the payment was made with a credit card. When something goes wrong, and the payment was made with a credit card it might be possible to make a section 75 claim. This section of the Consumer Credit Act (1974) says that in certain circumstances, the borrower (Miss B here) under a credit agreement has a like right to claim against the credit provider (the credit card provider) as against the supplier (the merchant here) if there's either a breach of contract or misrepresentation by the supplier. Miss B may, therefore, be able to raise a section 75 claim with her credit card provider. That may or may not be successful. I'm not asked to consider that here as I can't consider a claim of that type against Wise; they didn't provide the credit card, they simply received and processed the payment.

My provisional decision

For the reasons I've given above, I'm expecting to uphold this complaint in part and to tell Wise Payments Limited to pay Miss B £150 in compensation for the distress and inconvenience caused.

The parties' responses to my provisional decision

Wise didn't respond but Miss B did. She said:

"...the proposed compensation of £150 does not, in my view, adequately reflect either the scale of the financial loss (£3,600) or the distress and inconvenience caused by Wise's admitted failure to take reasonable recovery action.

While I accept your conclusion that Wise may not be directly liable for the original scam, I believe there remains a clear duty under the Payment Services Regulations 2017 and FCA guidance on fair customer treatment for firms to act promptly and proportionately when alerted to potential fraud. In this instance, Wise's complete lack of follow-up or recovery attempt fell below the level of diligence reasonably expected of a regulated financial institution.

The decision to award £150 feels inconsistent with the seriousness of the loss and the avoidable nature of Wise's inaction. I therefore ask that you please reconsider the level of compensation to reflect not just the inconvenience, but also the significant financial and emotional impact caused."

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 not persuaded that the scale of the compensation, awarded to reflect Wise's failure to attempt recovery, needs to reflect the scale of the loss or the emotional impact of that loss. I say that because, as I've already explained, I don't think Wise can fairly be held in any way responsible for the loss Miss B incurred. While I think it highly unlikely that any recovery attempt would have been successful, I do think Wise should have at least attempted the recovery and it's the distress and inconvenience caused by that failure that I think they should compensate Miss B for. I think the distress and inconvenience caused by that has in itself been quite minimal and that £150 is therefore a reasonable amount. I've not therefore been persuaded to change my provisional decision and that now becomes my final decision on this complaint.

My final decision

For the reasons I've given above, I uphold this complaint in part and tell Wise Payments Limited to pay Miss B £150 in compensation for the distress and inconvenience caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss B to accept or reject my decision before 12 December 2025.

Phillip McMahon
Ombudsman