

The complaint and background

Mr G complains that Wise Payments Limited (trading as Wise) won't reimburse money he lost when he fell victim to a scam.

Mr G was contacted by someone impersonating a police officer, who told him he was at risk of arrest and of having his visa revoked. Under their instructions, he purchased multiple gift cards and shared the details with the scammer, believing this would "ringfence" his money for an investigation until the court released it.

For ease of reference, the transactions in dispute are as follows:

Ref.	Date	Time	Description	Amount
1	3 June 2025	13:58	Card payment to Waitrose	£1,000.00
2	3 June 2025	15:11	Card payment to Waitrose	£500.00
3	3 June 2025	15:12	Card payment to Waitrose	£500.00
4	3 June 2025	15:13	Card payment to Waitrose	£500.00

I issued provisional findings explaining that Wise ought to have done more when Mr G made the third payment – by narrowing down the scam risk and providing a tailored warning. I considered that such a warning would likely have prevented the losses, so I recommended Wise refund half of Mr G's losses from that point onward, as I thought he should bear some responsibility too.

Wise responded and said it couldn't have shown Mr G a dynamic warning as part of making the payments because they were made in person with the merchant, meaning its only option would have been to decline them. It added that it had already blocked the first payment and warned Mr G, but he reactivated his card. It said a further intervention would have required a phone interview for what appeared to be a standard retail purchase, which it didn't consider realistic. Wise also wasn't convinced that a tailored warning would have broken the "spell" of a perceived authority figure.

Mr G also disagreed with my provisional findings. He said Wise ought to have intervened more thoroughly before the third payment and that he was acting under extreme psychological pressure from a highly sophisticated scam that impaired his rational judgment. In light of this, he argued he should be refunded in full for the third and fourth payments, with interest.

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've carefully considered both parties' responses to my findings.

I accept Wise's point that it wouldn't have been able to show Mr G a dynamic warning as he attempted the payment. But it was open to it to decline the payment – and show Mr G tailored warnings at that point, before he was able to attempt the transaction again. This

would've been in the same way it declined the first payment and sent him a general warning.

I also don't think such an expectation is unrealistic or disproportionate in the circumstances, for the reasons I explained in my provisional decision. Namely, that this wasn't a single payment to a merchant, but the third payment to the same merchant in very quick succession – a situation that's difficult to find a legitimate explanation for.

Wise has questioned the difference such an intervention could've made. I can't know for certain what would've happened. Civil disputes like these are decided on the balance of probabilities – so what's more likely than not to have happened. Here, I don't think the general prevalence of coaching in similar scams is persuasive enough to show it's likely that Mr G would've misled Wise too or been undeterred by a warning particular to his circumstances. In saying that, I recognise Mr G continued after Wise's initial intervention, but he was only sent a general warning at this stage, which wasn't directly relevant to his circumstances. It follows that Wise's response hasn't changed my view of what a fair outcome is.

I've also considered Mr G's points carefully. I'm satisfied my provisional findings addressed why I wouldn't have expected Wise to have acted differently with the first payment. And I think it's worth highlighting that Wise must strike a delicate balance – between protecting Mr G from fraud with its duty to make the payments he instructs it to.

My findings also considered the pressure he was under and what was at stake for Mr G. And I accept that this would've affected his rational thinking. But, even with that, I'd still have reasonably expected him to question why a process involving a retail merchant would form part of an authority's investigation – particularly by the third payment when the matter had been going on for some time.

So, in all, my final decision is unchanged from my provisional findings. For completeness, I've included my provisional reasoning again below:

- There are rules that require firms to refund scam victims in certain situations, but there is no general obligation for firms like Wise to reimburse customers.
- For card payments like the ones disputed, the starting position is that Wise is responsible for unauthorised transactions, while customers are responsible for authorised ones. So the key question is whether the disputed payments were authorised.
- Under the Payment Services Regulations 2017 (PSRs), a payment is authorised if the customer, or someone acting for them, gave consent in the form agreed between them and the firm. This is an objective test: it depends on whether the customer followed the agreed steps, not whether they were misled.
- In this case, it is accepted that Mr G used his card and PIN to make the payments, which Wise's terms recognise as giving consent. Therefore, even though he was the victim of a scam, I am satisfied these were authorised payments in line with the PSRs. This means the starting position is that Mr G is liable for his losses.
- However, this isn't the end of the matter. Taking longstanding regulatory expectations, relevant requirements, and what I consider to be good industry practice at the time into account, Wise should have been alert to the possibility of fraud and carried out extra checks where appropriate.

- When Mr G attempted the first transaction, Wise blocked his card and asked him to review his recent activity before unfreezing it. I'm satisfied this was a reasonable and proportionate response to the possibility of fraud. Wise wouldn't have known he was buying gift cards, and neither the merchant nor the value of the purchase would have signalled a particularly heightened fraud risk.
- But by the third payment attempt, the risk profile had changed. Mr G was making repeated attempts, in quick succession, to the same merchant. In these circumstances, I consider that Wise ought to have recognised the increased fraud risk and intervened again, more thoroughly. For example, by giving a warning that asks a series of questions to help establish the actual scam risk.
- I've no reason to think Mr G would have been anything other than honest in his responses. And with an appropriate, tailored warning, I think it's likely he would have realised he was being drawn into a common impersonation scam and would have stopped before making further payments. Therefore, I consider that Wise's missed intervention caused the losses from the third payment onwards, and it is fair to ask Wise to reimburse these losses, subject to deductions for contributory negligence.
- In the circumstances, I'm satisfied that Mr G should fairly share responsibility. I recognise the pressure he was under and the unfamiliar situation he found himself in. But I would have expected a reasonable degree of scepticism about repeated requests to buy gift cards from a retail merchant as part of a supposed police investigation. In light of this, I intend to apply a 50% reduction to the amount Wise must refund.
- I've also considered whether Wise ought to have done more to recover Mr G's losses from the merchant. As the merchant provided the goods Mr G paid for, I don't consider there were reasonable prospects of a successful recovery claim.
- I appreciate this outcome may be disappointing to Mr G, particularly given the investigator's earlier view and the fact that his other bank refunded his losses in full. However, I must reach my own decision based on the specific circumstances of his complaint about Wise. Here, I think the fair outcome is for Wise to refund 50% of the losses from the third payment, plus interest to reflect the period Mr G has been out of pocket.

My final decision

For the reasons I've explained, I uphold Mr G's complaint. Wise Payments Limited (trading as Wise) must:

- Refund Mr G's losses from the third disputed payment, less 50% to reflect his contributory negligence. I understand this to be £500.00.
- Pay 8% simple interest per year on this amount, from the date of the disputed payments to the date of settlement (less any tax lawfully deductible).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 7 April 2026.

Emma Szkolar
Ombudsman