

The complaint

B, represented by Mr A, complains that Wise Payments Limited won't refund the money it lost, to what Mr A believes was an Authorised Push Payment (APP) scam.

What happened

The background to this complaint is well known to both parties, so I won't repeat it in full here. In summary, B made nine international payments totalling £36,941.45 between 11 March and 18 July 2025 to company M. It was purchasing cosmetics for resale. Mr A became concerned some of the products were counterfeit after feedback from B's customers and tried to get a refund from M. He says other products were not delivered.

He contacted Wise to raise a fraud claim. It rejected his request for a refund, it said the payments were made to the intended party for their intended purpose, but there appeared to be issues with the delivery and quality of the goods. So, it is a buyer/seller dispute: there is insufficient evidence to support that the recipient of the payments are fraudsters or that the payments were part of a scam.

Our investigator agreed with Wise's position. And he concluded that Wise wasn't unfair in rejecting B's fraud claim.

Mr A disagreed with this assessment and maintained B had been the victim of an APP scam.

He asked for an ombudsman's review. He said, in summary, the payments continued to be made based on the misrepresentation of product authenticity in the form of supply chain documentation/invoices. So, there was deliberate deception during the time he was making the later payments. The supplier stopped communicating with Mr A and did not provide any refunds to B, so it had to fund the refunds to its customers.

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 deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

In broad terms, the starting position at law is that a firm is expected to process payments and withdrawals that a customer authorises it to make. However, where the customer made the payments as a consequence of the actions of a fraudster, it may sometimes be fair and reasonable for the firm to reimburse the customer even though they authorised the payments.

As these payments were international, they are not covered by the APP Scam Reimbursement Rules, which The Payment Systems Regulator introduced on 7 October 2024. However, the principles within these rules are used by both this service and firms to

guide the analysis of fraud claims that involve payments sent outside the UK.

This means for a payment to be considered for a successful fraud claim and refund:

- It must have been made as part of an APP scam (whether to a recipient or for a purpose other than the payer intended);

And an APP scam is defined as where fraudulent deception was used to obtain the funds where:

- The recipient is not who the Consumer intended to pay, or
- The payment is not for the purpose the Consumer intended.

So, in summary, in order to determine whether B has been the victim of a scam I need to consider whether the purpose it and the seller had for the payments were broadly the same and then, if they weren't, whether this was the result of dishonest deception on the part of the seller.

I can see why Mr A, on behalf of B, is aggrieved by the actions of the seller it paid, and I understand why he thinks they scammed B. But having carefully weighed things up, on balance I'm not persuaded there is sufficient evidence to conclude that the seller set out with the intent to defraud B.

When considering the evidence produced in support of B's claim of an APP scam, I'm required to reach my findings on a balance of probabilities rather than to the criminal standard. But given the serious nature of the allegations involved, I consider that this must involve convincing evidence, to lead me to find it more likely than not, the underlying purpose was a fraudulent one.

B paid the seller, and I've seen nothing to suggest that company M was not the seller it intended to pay. From what I've seen, I'm satisfied B made the payments here with the purpose of buying branded cosmetics with the intention of selling them on. B received certain items, others appear to have been 'in transit', albeit there were then issues surrounding those items which have caused B to doubt the seller's motivations – i.e. that B has said the goods are counterfeit. But overall, I'm not satisfied the evidence I've seen shows that the seller intended a different purpose for the payments, or that B's and the seller's purposes for the payments weren't broadly the same.

Neither Wise nor this service is in a position to forensically analyse the seller's actions, particularly what it knew about the product authenticity versus what its suppliers knew, so, we must consider the evidence that is before us. In doing so, I've not seen enough to show that the seller set out to defraud B. I say that as, on balance, there is insufficient persuasive evidence for me to be as sure as I would need to be that the seller was aware that the cosmetics were counterfeit. It is equally possible that they, like B, thought they were legitimate.

Mr A calls out the documentation from the supply chain that was shared prior to the later payments as evidence of deliberate deception, but it could equally be seen as documentation the seller believed to be legitimate and shared to reassure Mr A. I cannot know why company M ceased communication with B, but this in itself cannot be taken as evidence of an earlier deliberate intent to defraud. At times, during a commercial dispute the relationship between the parties breaks down. I note B had previously dealt with the same supplier with no issues.

I acknowledge that there were issues with some of the cosmetics B bought, and that

ultimately, it has been left out of pocket, and I'm not saying that there is no issue between B and the seller, clearly there is. But that does not mean that it would be fair to hold Wise liable for B's losses.

I know this will be a huge disappointment to Mr A, on behalf of B. I appreciate how strongly he feels about this case, and that what has happened here has had a significant impact on him and his business. But for the reasons I've explained above, I do not consider that it was unreasonable for Wise to decline B's fraud claim as the evidence does not conclusively support Mr A's claim that it was an APP scam.

My final decision

I am not upholding B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A, on behalf of B, to accept or reject my decision before 15 April 2026.

Rebecca Connelley
Ombudsman