

The complaint

Mr I complains that Wise Payments Limited did not refund £2,741 which he lost as part of a scam.

What happened

Both parties are aware of the circumstances of the complaint, so I won't repeat them in detail again here. In summary, Mr I was the victim of a scam in which the scammer convinced him that his accounts were at risk so he needed to move his funds to a safe account. He therefore made a payment of £2,741 from his personal account to the scammer.

Mr I says that he received a two-factor authentication code for the transaction, which he read out over the phone to the scammer so they could authorise it. He says he was told he would be reimbursed the money, but this never happened. He then realised he had been the victim of a scam. He complained to Wise but they didn't agree they were at fault and did not uphold the complaint. As a result, the complaint was referred to our service.

Our Investigator looked into the complaint and they felt the payment had been authorised by Mr I. As they felt the earlier payments Mr I made on his business account as part of the same scam were unusual and should have been flagged by Wise for further checks, they also felt the later payment of £2,741 from his personal account could therefore have been avoided. So, they felt Mr I should be refunded 50% of the payment, as they thought Mr I should bear some responsibility for the loss.

Wise disagreed with the initial view and gave their reasons why they felt the transactions on the business account were not suspicious when compared to the genuine account activity, so they also felt the £2,741 should not be included in the refund.

The complaint was referred to me and I issued a provisional decision in which I explained that I did not intend to uphold the complaint based on what I had available to me. My provisional decision read as follows:

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

Broadly speaking, the starting position in law is that an account provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account. And a customer will then be responsible for the transactions that they have authorised.

On balance, having carefully considered everything available to me, I think it's more likely Mr I authorised the transaction and that he was aware it was leaving the account. I say this because in his complaint to Wise, which was made just a few days after the transaction in question, Mr I said that that he read out the authentication codes to the scammer so they could approve transactions to leave the account. While I recognise that Mr I didn't intend the

money to go to scammers, the starting position in law is that Wise was obliged to follow the instruction and process the payment. Because of this, Mr I is not automatically entitled to a refund.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether Wise did enough to try to keep Mr I's account safe.

I won't go into detail in this decision but based on what I've seen I don't think the earlier fraudulent payments made that day from Mr I's business account warranted further checks by Wise, so I don't think they missed an opportunity to reveal the scam at that time. I've therefore considered the payment of £2,471 made on Mr I's sole account as a separate, stand-alone transaction.

To do so, I've looked over Mr I's personal bank account statements, to see if the payment of £2,741 was out of character when compared to his genuine account activity. On balance, based on what I've seen so far, I don't agree that it was. The value of the transaction was not significant, so I don't think this would have been enough to raise suspicion, and there were many other higher value transactions in the months prior. It did, however, drain the account balance to nil, which can be an indication of a scam. However, I don't think this alone is enough to have warranted intervention by Wise prior to processing the payment. So, on balance, I don't think Wise missed an opportunity to reveal the scam.

I've gone on to consider whether Wise could have recovered the funds once Mr I made them aware of the scam. However, the beneficiary bank has confirmed the fraudulent funds were removed on the same day that they were processed, and before Wise was made aware. So, there was nothing further they could do to try and recover the funds.

Having considered everything available to me, I don't currently think Wise needs to refund Mr I the £2,741 he lost as part of the scam.

Wise responded and accepted my provisional findings. Mr I did not respond with any additional comments or evidence for me to consider.

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.

As neither party provided any additional comments or evidence for me to consider, I see no reason to depart from the findings set out above. With this in mind, I don't uphold the complaint and I don't direct Wise to refund the £2,741 that was lost as part of the scam.

My final decision

I do not uphold Mr I's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 8 March 2024.

Rebecca Norris
Ombudsman