

The complaint

Miss P complains that Wise Payments Limited (“Wise”) won’t refund money she lost when she fell victim to a bank impersonation scam.

What happened

Miss P fell victim to a bank impersonation scam in September 2023. She received a text message followed by a call from someone purporting to be from bank “S”, who she also has an account with. The caller advised Miss P that her account was at risk, and she needed to move her money to keep it safe.

Miss P was told that she needed to transfer her money to a new account with S via an external account, as otherwise her funds could still be at risk. Under the caller’s instructions, Miss P opened an account with Wise, moved the funds there, and then sent them on to the account details provided by the caller. The first payment from S to Wise bounced back.

I understand Miss P was on the line with the caller throughout the time the funds were being moved. From the call log screenshot provided, she was on the phone with the individual for nearly two hours. Miss P has said that when the caller started asking her about her other bank accounts, she got suspicious and ended the call. After calling S, she realised she’d fallen victim to a scam.

Miss P notified S and Wise of the scam. This decision solely relates to payments she was tricked into making from Wise. Miss P says she attempted to cancel the payments that had left her Wise account but was only able to retrieve £465.70. Accounting for the funds she was able to recoup, the loss Miss P’s claiming from Wise is just over £2,200.

Our investigator didn’t uphold the complaint. They explained that the individual transaction amounts (£1,000-£1,200) weren’t for particularly large amounts such that they ought to have triggered Wise’s fraud detection systems. And although Wise had acknowledged it could have provided an additional warning at the time of the transactions, the investigator wasn’t persuaded that this would have made a difference to Miss P’s decision to go ahead.

Miss P didn’t agree with the investigator’s findings and asked for an ombudsman to make a decision on her complaint.

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’d like to start by reassuring Miss P and Wise that although I’ve only summarised the background above, so not everything that happened is detailed, I’ve read and considered their submissions in its entirety.

It’s not in question that Miss P was the victim of a cruel scam. And it’s very unfortunate that she’s lost a significant amount of the money she had in her account at the time. But Wise

doesn't automatically become liable to reimburse her loss. The starting position is that liability for an authorised payment rests with the payer, even where they are duped into making that payment. Here, it's not in dispute that Miss P authorised the transactions.

There are some situations in which a payment service provider should reasonably have taken a closer look at the circumstances surrounding a particular payment. If it fails to act on information which ought reasonably to alert it to potential fraud or financial crime, it might be liable for losses incurred by its customer as a result. So, I've gone on to consider whether this is one of those situations.

This was a new set-up account. Wise is an electronic money institution (EMI), not a bank or building society. EMIs are set up with the purpose of sending and receiving money and the type of payments they're generally used for tends to be somewhat different to banks and building societies. Often, the payments will be for larger sums. In this case, I don't consider the transaction amounts were particularly unusual or suspicious such that, in my view, Wise should have been concerned and ought to have challenged the payments.

Wise has said that in hindsight it could have provided a scam warning when Miss P was completing the steps involved in completing the transactions. As I've set out, I don't consider it needed to intervene and make enquiries. Even if it had provided a generic scam warning during the payment journey, I'm not persuaded that would have positively impacted Miss P's decision to go ahead with the transaction.

This is not a finding I've made lightly. But I'm mindful that Miss P was on the phone with the scammer throughout the relevant time. She's told Wise she was acting on their instructions in good faith. If a warning had come up on the screen, I think it's likely she would have flagged it with the scammer (who she believed was a representative from bank S), and they would have reassured her that Wise was also looking after her interests. So, any concerns she *might* have had on seeing a written warning would have been alleviated by the scammer's reassurances.

I've also thought about Wise's actions in relation to the recovery of payments *after* it became aware of the situation. The investigator contacted the beneficiary bank about the movement of funds. The information it has provided shows that unfortunately they were removed from the beneficiary account within a minute of being received. Under the circumstances, a quicker attempt to request a recall of funds would have made no difference.

In conclusion, I know that Miss P will be disappointed with this outcome. Not least because the matter has been ongoing for some time. Despite my natural sympathy for the situation in which Miss P finds herself, for the reasons given, it wouldn't be fair of me to hold Wise responsible for her loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss P to accept or reject my decision before 12 April 2024.

Gagandeep Singh
Ombudsman