

The complaint

Mr B complains that Wise Payments Limited (Wise) is refusing to refund him the amount he lost as the result of a scam.

Mr B is being represented by a third party. To keep things simple, I will refer to Mr B throughout my decision.

What happened

The background of this complaint is well known to all parties, so I won't repeat what happened in detail.

In summary, Mr B was contacted via social media by a representative of the company Onyx-Traders (X). X persuaded Mr B to invest.

The following payments were made in relation to the scam:

<u>Date</u>	<u>Payee</u>	<u>Payment Method</u>	<u>Amount</u>
31 October 2022	Moonpay	Debit Card	£1,259.29
31 October 2022	Moonpay	Debit Card	£1,259.29
9 November 2022	Moonpay	Debit Card	£10,000.00
15 November 2022	Moonpay	Debit Card	£10,000.00

Wise has explained that Mr B confirmed the payments were being made via his device. Mr Wise says he was required to download the screensharing application AnyDesk and that X made the transactions on his behalf. Mr B has explained he is not aware of the business Moonpay.

Mr B realised he had fallen victim to a scam when he was unable to withdraw funds from the investment.

Our Investigator considered Mr B's complaint but didn't think it should be upheld. Mr B disagreed, so this complaint has been passed to me to decide.

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.

It has not been disputed that Mr B has fallen victim to a cruel scam. The evidence provided by both Mr B and Wise sets out what happened. What is in dispute is whether Wise should refund the money Mr B lost due to the scam.

Recovering the payments Mr B made

Payments were made into the scam via Mr B's debit card. When payments are made by card the only recovery option Wise has to attempt recovery is to request a chargeback.

The chargeback scheme is a voluntary scheme set up to resolve card payment disputes between merchants and cardholders. The card scheme operator ultimately helps settle disputes that can't be resolved between the merchant and the cardholder.

Such arbitration is subject to the rules of the scheme, meaning there are only limited grounds and limited forms of evidence that will be accepted for a chargeback to be considered valid, and potentially succeed. Time limits also apply.

Mr B was dealing with X, which was the business that instigated the scam. But the debit card payments didn't go to X directly, they were paid to a separate cryptocurrency exchange (Moonpay). This is important because Wise would only have been able to process chargeback claims against the merchant that was paid (Moonpay), not another party (such as X).

The service provided by Moonpay would have been to convert or facilitate conversion of the payments into cryptocurrency. Therefore, Moonpay provided the service that was requested; that being the purchase of the cryptocurrency.

The fact that the cryptocurrency was later transferred elsewhere – to the scammer – doesn't give rise to a valid chargeback claim against the merchant that was paid.

Should Wise have reasonably prevented the payments Mr B made?

From the information available it appears Mr B downloaded the screen sharing application AnyDesk and allowed X access to his device to make payments on his behalf in relation to the scam. So, Mr B authorised the payments that were made from his account with Wise, albeit on X's help and instruction. With this in mind the starting point here is that Mr B is responsible.

However, banks and other Payment Services Providers (PSPs) do have a duty to protect against the risk of financial loss due to fraud and/or to undertake due diligence on large transactions to guard against money laundering.

The question here is whether Wise should have provided a warning to Mr B about the payments that were being made. And if it had provided a warning, would it have been able to prevent the scam taking place.

The first two payments made in relation to the scam were for relatively low amounts that I wouldn't have expected to have triggered a warning from Wise. The third payment was for a much higher value of £10,000 going to a known cryptocurrency exchange. I don't think it would have been unreasonable to expect Wise to have provided a general written warning before allowing the payment to be processed. But even if a written warning had been provided, I don't think this would have made a difference.

Mr B had allowed X access to his device via AnyDesk, and X was making the payments on Mr B's behalf. I think it's unlikely Mr B would have seen any warning provided by Wise as X would likely have simply clicked past any screen without giving Mr B time to read the information provided.

As it's unlikely Mr B would have had a chance to see any warning messages provided by Wise, I don't think Wise missed an opportunity to prevent the scam and it is not responsible for Mr B's loss.

My final decision

I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 28 March 2024.

Terry Woodham
Ombudsman