

The complaint

Mr P complains Wise Payments Limited didn't do enough to protect him when he fell victim to a scam.

What happened

Mr P has an account with Wise and accounts elsewhere. He's been a customer of Wise for around five years. Mr P also has a wife who has a disability who he's a carer to.

In January 2023 Mr P says he received a message on a well-known social media app from someone in his friend's list. He says they had a general conversation in which he mentioned his wife was poorly. Mr P says the friend asked him whether he'd applied for an Adult Carers Grant which he hadn't. He says the friend explained they'd received £250,000 from the scheme which was there to help elderly, disabled and retired people and sent him a link so he could also apply. Mr P says he now believes the friend's account had been hacked as the person he ended up speaking to when he used the link turned out to be a scammer.

Mr P says the scammer told him that he'd receive £300,000 because he was eligible but there was a fee of £10,000 to pay. Mr P did so and made a number of other payments for various reasons the scammer gave. In total between 31 January 2023 and 26 February 2023 Mr P sent £65,000 to two different beneficiaries from his Wise account. He sent a total of £30,000 from an account held elsewhere and £25,000 from another account held elsewhere.

Mr P says he realised he'd been scammed when despite all the payments he made he still didn't receive his "winnings" which he'd been told totalled £5 million because of some of the fees he'd paid to upgrade his "winnings". He contacted Wise and the other two businesses he held accounts with to say he'd been scammed.

Wise looked into Mr P's claim and said that it had attempted to recover funds from the second beneficiary to whom he sent money, but none remained. In the circumstances Wise said it couldn't offer a refund as it said responsibility for checking the legitimacy of any recipient lies with the sender. Mr P was unhappy with Wise's response and complained and brought his complaint to our service.

One of our investigators looked into Mr P's complaint and said that Wise ought to have been concerned when Mr P made a £20,000 payment on 8 February 2023 as that payment would have appeared significantly out of character. Our investigator also said that had Wise intervened at that point – either calling Mr P or reaching out on chat – then the scam would have come to light. Our investigator didn't think the warning Wise had given was a tailored warning. However, our investigator also thought Mr P should share liability for the loss as there were multiple red flags. In the circumstances, our investigator recommended that Wise refund 50% of Mr P's losses from the £20,000 payment on 8 February 2023 and onwards together with simple interest at 8%.

Both parties disagreed with our investigator's recommendations. Mr P said Wise should have intervened from 5 February 2023 as the payments he made that day were sufficiently unusual and out of character. Wise said that it didn't agree the warning it had given wasn't

tailored and said in any event it would not have made a difference as Mr P had carried on despite warnings from other businesses and was determined to make the payments. Mr P's complaint was referred to an ombudsman for a decision and, as a result, was passed to me.

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 accept that Wise was at the time a money remittance provider and that payments that a bank might consider to be unusual won't necessarily be considered unusual by Wise. That's because customers will often use a money remittance provider differently to a current account at a bank. But in this case I can see that even Wise noticed a change in the activity in Mr P's account. His account had been open for almost five years and hadn't been used a lot during that time. He then started receiving regular incoming payments – and relatively large ones at that – that he then sent out almost straightaway. I think Wise was right to notice that there had been a change in activity and although it had information that would have lessened its concerns that Mr P was at risk of harm, I agree with our investigator that the £20,000 payment – given that it was going to take the total amount Mr P had sent to the beneficiary in question to £40,000 in three days over four payments – was sufficiently unusual to warrant an intervention. I don't agree that the earlier payments were sufficiently unusual given everything that Wise has said.

In this case, Wise says that Mr P would have seen its "goods and services" warning which was enough and that he saw this warning – and ignored it – rather than its "investments" warning because he was trying to mislead Wise, on the scammer's instruction, as to the purpose of the payment. In this case, I don't think either of those categories would have been more relevant than the other as I can see why some people would say Mr P was neither buying "goods and services" nor paying for "investments". In any event, I think the more important point is that in this case Wise needed to do more. It needed to contact Mr P – either calling him or reaching out to him on the chat. Had Wise done so – in other words, had Wise contacted Mr P – I'm satisfied that Mr P would have found it very difficult to explain persuasively what the payment was for given what the scammer had told him to put as a reference. In other words, I agree with our investigator that the scam would have been discovered had Wise intervened. That means Wise missed an opportunity to prevent further loss to Mr P.

I can understand why Mr P wanted to believe what the scammer was telling him. He clearly believed the money would make a real difference to his wife. But I agree that there were a lot of red flags here. The deal was “too good to be true” for a start. And the reasons Mr P was given for the payments became less and less plausible as the scam unfolded. In the circumstances, I agree that liability should be shared.

Putting things right

In order to put things right, Wise should refund 50% of the payments Mr P made from 8 February 2023 onwards. In other words, refund £20,000. In addition, Wise should pay 8% simple interest on the amounts it refunds from the date of payment to the date of settlement.

My final decision

My final decision is that I’m upholding this complaint and requiring Wise Payments Limited to refund 50% of the payments Mr P made from 8 February 2023 onwards. In addition, I’m requiring Wise Payments Limited to pay 8% simple interest on the amounts it refunds from the date of payment to the date of settlement.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr P to accept or reject my decision before 16 March 2024.

Nicolas Atkinson
Ombudsman