

The complaint

Mr G complains that Wise Payments Limited won't refund the money he lost after he fell victim to an Authorised Push Payment (APP) scam.

What happened

In August 2023, Mr G found a listing for an apartment to rent on a website for a real estate agent based abroad. Mr G transferred two payments of €700 to cover the deposit and one month's rent on 16 August 2023.

Mr G says he realised he'd been scammed around a week later when his messages to the beneficiary weren't returned. He contacted Wise and it provided referral rights to this service before it had completed its investigation into Mr G's claim.

Mr G referred the complaint to us and one of our investigators looked into it. But, based on the information Mr G had provided, she didn't uphold the complaint. Mr G asked for his complaint to be referred to an ombudsman. So, his complaint has been 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.

Since the investigator issued her initial view, Wise has submitted its investigation file. So, I have now taken this information into account, along with everything Mr G had already told us and provided.

Having done so, while I'm sorry to hear that Mr G was the victim of a scam and lost money as a result, I'm not upholding this complaint and for largely the same reasons as our investigator. I realise this will come as a disappointment to Mr G, but I can only direct Wise to refund Mr G's losses if it can fairly and reasonably be held responsible for them.

It is accepted that Mr G authorised the scam payments from his Wise account. So, although he didn't intend the money to go to the scammers, under the Payment Services Regulations 2017 and the terms and conditions of his account, Mr G is presumed liable for his loss in the first instance. And under the terms and conditions of the account, where a valid payment instruction has been received Wise's obligation is to follow the instructions that he provides.

But, taking into account the law, regulatory rules and guidance, relevant codes of practice and good industry practice, there are circumstances where it might be appropriate for a bank or money transfer platform like Wise to take additional steps or make additional checks before processing a payment to help protect its customer from the possibility of financial harm from fraud.

An example of this would be if a payment instruction is sufficiently unusual or uncharacteristic for the usual use of the account. In such circumstances I'd expect Wise to

intervene and ask more questions about the intended transaction before processing it. So, the starting point for me is to consider whether Mr G's payment instructions were particularly unusual or uncharacteristic, either individually or collectively, considering his usual account activity.

As mentioned above, Wise has now provided its business file in respect of this complaint. This includes the transaction history on Mr G's account. And I'm satisfied this shows that Mr G has previously made larger payments from his account than the amount of the individual disputed transactions. So, I can't reasonably conclude the payments to the scam were sufficiently out of character that Wise should have intervened.

Mr G has provided information which he suggests that banks should automatically reimburse customers where the transactions made turn out to be part of a scam. As the investigator explained, Wise are not signatories of the Contingent Reimbursement Model "CRM Code" - a voluntary code which requires firms to refund victims of scams like this in all but a limited number of circumstances, so I cannot apply its provisions to this matter.

Mr G has also said that Wise should have attempted a chargeback on the transactions. But the chargeback process is for debit and credit cards payments, so this was also not an option in the circumstances here.

Our investigator has said that she hadn't seen any attempt by Wise to try to recover the money by other means, but she didn't think any attempt to recover the money would have been successful due to the time that had elapsed between the transaction being made and Mr G reporting the matter to Wise. Since then, Wise has provided evidence which shows that the scammer moved the money from the beneficiary account very quickly after they were received. So, I'm satisfied Wise couldn't have recovered the money.

In conclusion, I have a great deal of sympathy with Mr G being the victim of a scam. But it would only be fair for me to direct Wise to refund his loss if I thought it was responsible – and I'm not persuaded that this was the case. It follows that I will not be asking Wise to take any further action in respect of this complaint.

My final decision

For the reasons given above, my final decision is that I do not uphold this complaint. Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 5 April 2024.

Sandra Greene
Ombudsman