

The complaint

Mr R complains that Wise Payments Limited trading as Wise ('Wise') won't refund the money he lost when he was the victim of a scam.

What happened

Mr R is represented in this case but for ease I'll refer to Mr R throughout this decision.

I understand that Mr R received an out of the blue message asking him if wanted to work for two or three hours a day and earn £120 to £150 an hour. The message explained the role involved promoting tourist attractions and that wages could be paid into a Wise account or as USDT into a cryptocurrency wallet. He was then assigned an agent to communicate with via a messaging app.

Mr R then received details about the role, which was said to be with a travel company I'll refer to as T. Whilst Mr R didn't know at the time, the job opportunity wasn't genuine, and he was dealing with scammers.

Mr R was told that he would receive commission to review and rate tourist attractions and that he would have to pay for each new task by buying cryptocurrency from various individuals and sending it to an online wallet. He opened an account with Wise on 15 December 2022 and made the transactions in the table below as instructed by the scammers. Each of the recipients held an account with Wise.

Transaction	Date	Recipient	Amount	Warning given?
1	16/12/22	1	£50	Yes
2	16/12/22	1	£50	Yes
3	16/12/22	1	£20	Yes
4	16/12/22	1	£50	Yes
5	17/12/22	2	£50	Yes
6	17/12/22	2	£82	Yes
7	17/12/22	2	£72	Yes
8	17/12/22	3	£60	Yes
9	18/12/22	4	£50 - returned	
10	18/12/22	5	£164	No
11	18/12/22	5	£372	No
12	18/12/22	5	£758	No
13	18/12/22	5	£2,068	No
14	18/12/22	6	£5,201	No

15	19/12/22	5	£5,963	No
Total			£14,960	

On 16 and 17 December Mr R received eight credits totalling £547 from four of the recipients of the funds which he reinvested. He says that receiving these amounts made him think the job opportunity was legitimate. Mr R was also added to a messaging app group with other employees who shared stories about the money they were making.

After he'd made the payments in the table Mr R was asked to deposit further funds and refused to do so. In January 2024 Wise blocked Mr R's account. He didn't raise a scam claim with Wise but instructed representatives who wrote a letter of complaint on his behalf in January 2023.

Wise didn't agree to reimburse Mr R. It referred to its terms and conditions and said that it can't get involved in disputes between senders and recipients so customers should complete their own investigations before setting up a payment. Wise also said that it isn't responsible for loss that isn't foreseeable. Once it was made aware of the scam, Wise said it took appropriate action and was able to reverse one payment for £50 that has been returned to Mr R. Finally, Wise referred Mr R to his own bank as he transferred funds from this account to his Wise account before making the scam transactions.

Mr R wasn't happy with Wise's response and brought a complaint to this service. His representative pointed out that Mr R was eighteen at the time of the scam and that the transactions he made from his Wise account weren't consistent with his profile.

Our investigation so far

The investigator who considered this complaint recommended that it be upheld in part. She said that the initial transactions were low in value and wouldn't have caused Wise any concern. But by the time Mr R made transaction number fourteen on 18 December Wise should have done more. This was because the transaction meant Mr R had transferred £8,613 in the course of a day and because the pattern of transactions, which increased in value and frequency over a couple of days, was unusual. And the payment reason given for the transactions of buying goods and services wasn't consistent with the account opening reason, which was to receive a salary or pension. The investigator didn't think the pop up warning Wise provided went far enough to protect Mr R.

But the investigator felt that the responsibility for the loss should be shared with Mr R, as he ought reasonably to have had concerns and completed more checks before making the payments. The investigator asked Wise to refund 50% of the last two transactions less the credits received and to add interest to this sum. Finally, the investigator noted that Wise had done what it should to attempt to recover Mr R's funds but hadn't been successful.

Mr R accepted the investigator's findings, but Wise did not so the case has been passed to me to decide. In summary, Wise said:

- It provided Mr R with a warning when seven of the payments were made (as recorded in the table above) but he ignored them and continued with the payments. Mr R was shown a paying for goods and services warning which directed him to read independent reviews but hadn't done so. Given this point, Wise said that additional warnings wouldn't have prevented the loss.
- Although Mr R wasn't shown a warning when the two larger transactions were made it wouldn't have made a difference as it can't be presumed Mr R would have been honest.
- Both of the transactions that were over £5,000 were to well established Wise customers so Wise had no reason to be concerned about them.

- Mr R should have chosen making an investment as a payment reason as he was really making an investment to receive a salary. If he had chosen the correct payment reason, he'd have been provided with a different warning that referred to unexpected contact and offers that are too good to be true.
- The transactions weren't to a cryptocurrency exchange so Wise had no means of knowing Mr R was buying cryptocurrency.

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.

In deciding what's fair and reasonable, I'm required to take into account relevant law and regulations; regulatory rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

It is accepted that Mr R authorised the scam payments from his Wise account. So, although he didn't intend the money to go to scammers, under the Payment Services Regulations 2017 and the terms and conditions of his account, Mr R 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.

However, 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 in order 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.

I'm mindful Mr R didn't have an existing relationship with Wise and that the only transactions on the account related to the scam. This meant that Wise didn't have an understanding of Mr R's normal spending patterns to compare the transactions with. But when he opened the account, Mr R said the purpose of the account was to receive a salary or pension, but all the transactions made were for buying goods or services.

I agree with the investigator that it would be unreasonable to have expected Wise to intervene when the earlier low value payments were made and setting up new payees on a new account and transferring such amounts isn't unusual. There's a balance to be struck; firms have obligations to be alert to fraud and scams and to act in their customers' best interests, but they can't be involved in every transaction as this would cause unnecessary disruption to legitimate payments.

By the time Mr R made transaction fourteen in the table above I think Wise ought to have recognised that Mr R was potentially falling victim to a scam and taken additional steps to protect him. The transactions he was making were increasing in frequency and value and this pattern fits known scam patterns with payments being made over a short timeframe. Mr R was also paying multiple payees and was receiving small amounts back from some of those payees. Given the account opening reason and the fact Mr R was receiving small returns I consider Wise ought reasonably to have recognised that Mr R wasn't buying goods and services and that something wasn't right. The account opening purpose (to receive a salary or pension) and pattern of transactions fit a job scam like the one Mr R fell victim to.

Ultimately Wise stopped allowing transfers in or out of Mr R's account. I consider this showed that Wise had concerns about Mr R's use of the account soon after Mr R made the transactions in the table above. Action taken by Wise in respect of some of the payee accounts which had also credited Mr R's account indicates that Wise ought reasonably to have had concerns and taken steps to protect Mr R.

I don't agree with Wise that Mr R wasn't honest in saying the transactions were for buying goods and services rather than making an investment. I'm satisfied that Wise didn't offer him a payment reason that suited his needs and so he chose what he felt was most appropriate. Mr R wasn't making an investment and expecting returns based on the performance of that investment. He considered that he was working and was being paid commission based on the tasks he completed. He was also using a service to buy cryptocurrency. Wise hasn't suggested that there was an option for Mr R to choose paying to earn money by working online.

Wise has provided sample warnings it says it would have provided but says it can't show the exact prompts provided to Mr R. The warning that was provided in respect of seven of the transactions Mr R made had no relevance to the scam he was falling victim to and didn't cover any of the features of it so I can understand why it didn't resonate with Mr R or influence his decision making. And, when Mr R made the two transactions I consider it is responsible for, Wise didn't provide any warnings at all to Mr R.

Mr R hasn't suggested he was provided with a cover story, and I see no reason why an appropriate warning or intervention wouldn't have resonated with him and prevented further loss.

I've thought about whether Mr R should bear any responsibility for his loss. In doing so, I've considered what the law says about contributory negligence, as well as what I consider to be fair and reasonable in all of the circumstances of this complaint. I recognise that Mr R initially received some returns but, overall, I'm satisfied he should share responsibility for his loss for the following reasons:

- Mr R received unexpected contact via a messaging app that said, "*Hello, do you wanna work*". I can't see this person purported to be from a recruitment company or gave any details about why how they had his contact details and why they were contacting him out of the blue. I don't consider legitimate recruiters approach clients in this manner or use this kind of language and it's unusual to receive contact about genuine roles in this way.
- I don't consider the basis of the scam was plausible and think Mr R ought reasonably to have had concerns about being asked to pay funds in order to be paid for a job. He was led to believe he was working for a genuine company that I don't believe would operate in this way.
- I think Mr R ought to have had concerns about being asked to open an account with Wise to be paid (or be paid in cryptocurrency). I can't see that Mr R explored the reasons why. There was no explanation for why Mr R could only be paid in this unconventional way.
- Mr R was being asked to create fake reviews which is highly irregular and ought to have led to Mr R to be sceptical about the scheme and to complete further research. But I understand that he only looked at the genuine company's website.
- Mr R was told he would be paid between £120 and £150 an hour for completing unskilled work. I think this rate was too good to be true.
- Mr R wasn't provided with a contract or any other paperwork to set out the terms of his employment. I consider that Mr R ought reasonably to have had concerns about this.
- Mr R was asked to pay multiple private individuals which I consider ought to have been a red flag that something was amiss.

Putting things right

Overall, I'm satisfied that Wise should refund 50% of payments fourteen and fifteen. The returns Mr R received were all paid before Mr R completed these transactions so they should not be deducted from this figure, and neither should the £50 returned in respect of payment nine. Wise should also pay interest as set out below.

My final decision

I uphold this complaint and require Wise Payments Limited trading as Wise to:

- Pay Mr R £5,582; and
- Pay interest on the above amount at the rate of 8% simple per year from the date of each transaction to the date of settlement.

If Wise Payments Limited trading as Wise considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr R how much it has taken off. It should also give Mr R a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 5 April 2024.

Jay Hadfield
Ombudsman