

## **The complaint**

Mr O complains that Wise Payments Limited won't refund him money he says he lost as a result of a scam. He is also unhappy that Wise closed his accounts and the service it provided to him.

## **What happened**

Mr O had two accounts with Wise – a business account and a personal account.

On 3 May 2023, Mr O bought cryptocurrency for just under \$9,000 USD on a cryptocurrency trading platform, which I will refer to as B. Mr O says the intended recipient of the money was an individual I will refer to as M, who also had a Wise account.

After the payment had been completed, Mr O noticed that the payment had actually been sent to an individual I will refer to as D. Mr O says this wasn't the intended recipient and he never received the cryptocurrency from M. So, on 4 May 2023, he contacted Wise and B to try and recall the payment.

Wise and B carried out their own investigations. Wise asked Mr O to provide more information about the payment – including evidence to show proof of payment which required Mr O to check his transaction history. When Mr O checked he noticed that M had changed their Wise email account details, which meant the payment went to D. Mr O contacted Wise and told them that he believed he had fallen victim to a scam and asked them to act quickly to retrieve the funds.

Between 4 May and 2 June 2023, Mr O went back and forth with Wise trying to recover the money, requesting updates, providing screen shots and giving Wise more information relating to the payment, which included that he'd discovered that the money had been released to M. Mr O also told Wise that the matter was having a severe impact on his mental health.

Eventually, Mr O raised a complaint. He said he wanted Wise to refund him the money that he'd lost, pay him compensation for the trouble and upset the matter has caused him, and prosecute M.

In response, Wise said that it hadn't done anything wrong and said that the payment couldn't be reversed as it had already been completed. Wise also decided to close Mr O's accounts immediately. However, it recognised that it should have provided Mr O with better service when dealing with his complaint and paid him £150 compensation.

Unhappy with this response Mr O brought his complaint to our service. He said Wise had acted negligently and should have done more to help him. He says he is now out of pocket and wants Wise to refund him the money he says he lost as a result of a scam. He's also explained that the whole matter has taken a severe toll on his mental health, so he wants Wise to pay him compensation, which he will use to pursue M. He also wants Wise to reopen his accounts.

One of our investigators looked into Mr O's complaint and asked him for some more information – including where he got the money that funded the transaction he made to M. Mr O responded and said that the money had originally come from his Wise business account, which he'd then moved into his personal account., and then on to M. He also provided more screen shots relating to the transaction which he says showed he'd been the victim of a sophisticated scam.

The investigator also asked Wise to provide us with more information about what had happened. In response, Wise said that shortly after Mr O made the payment, the email address on the recipients account was changed. So the money went to a different Wise account.

Wise also said that the obligation of ensuring the legitimacy of the recipient on any given transaction lies with the sender of the payment. As Wise is a money remittance service, it said it doesn't have the ability to be involved in disputes between senders and recipients. So it always recommends its customers perform their own investigations before setting up a payment. But it said while it can't get involved in disputes, it does try to do everything it can to keep its customers safe. So, it will investigate any claims of fraud, and, if as a result it finds that someone has used Wise to receive money fraudulently, it will block them from receiving money through Wise.

After looking at all the information the investigator said that Wise hadn't done anything wrong when it had closed Mr O's accounts. She didn't recommend Wise should refund Mr O's money and said that it had done enough to put things right regarding the service Wise had provided.

Mr O disagreed. He said that Wise gave him misinformation which led to his financial loss. So he wants Wise to compensate him and refund him the money he lost.

As no agreement could be reached the matter has come 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.

I'm very aware that I've summarised the events in this complaint in far less detail than the parties and I've done so using my own words. No discourtesy is intended by me in taking this approach. Instead, I've focused on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome. But I have read all of Mr O's submissions.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks and financial businesses as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Wise has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr O, but I'd like to reassure him that I have considered everything.

### *Closure of Mr O's accounts*

As the investigator has already explained, Wise has important legal and regulatory responsibilities to meet when providing accounts to customers. Those obligations are ongoing and don't only apply when an account is opened. They can broadly be summarised as a responsibility to protect people from financial harm and to detect and prevent financial crime. That sometimes means banks need to review, or in some cases go as far as closing customers' accounts. And that's what has happened here.

I've considered the basis for Wise's review, which I find was legitimate and in line with its legal and regulatory obligations. So, I'm satisfied Wise acted fairly and reasonably when it completed its review of Mr O's accounts. The end result of the review was that Wise decided they didn't want to provide banking facilities to Mr O anymore and issued the notice to close in May 2023.

I've gone onto consider Wise's reason for closing the accounts. In doing so, I appreciate that Wise is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite Wise should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly.

Wise has provided some further details of its decision making process, which led to the closure of Mr O's accounts. I'm sorry but I can't share this information with Mr O due to its commercial sensitivity. But I've seen nothing to suggest Wise's decision around closing Mr O's accounts was unfair. On balance when considering Wise's wider regulatory responsibilities and all the information available to me, I find Wise had a legitimate basis for closing Mr O's accounts immediately. So, it would not be appropriate for me to ask Wise to pay Mr O compensation since I don't find Wise acted inappropriately when it closed the accounts.

#### *The money Mr O sent to M*

The account Mr O transferred nearly \$9,000 USD to, was another Wise account. Wise has explained that in using an email to locate a Wise account to send money to, a customer needs to type in the email and is then presented with a Wise account connected to the said email address – they then have to click to proceed with the transfer – which is what happened here.

Wise's terms and conditions make it clear that it is solely a money remittance service. Wise reiterated this in its response to Mr O's complaint. This means providing a service of transferring funds without the creation of any payment accounts for the payer or payee, with the sole purpose of transferring that corresponding amount between the parties. Mr O authorised a payment to a third party – in this case M. And Wise executed that payment in line with the instruction.

M gave Mr O an email address, to locate his Wise account in order to send the funds. My understanding from looking at all the evidence, is that shortly after the payment was made, D updated their account with the same email address provided by M, so the funds were sent to D. Wise has explained that it is able to detect when the same email address is in use. However, if the account holder removes that email from their account first and another account adds the same email to their account, it's not flagged on their systems and allowed. So, it couldn't have prevented what happened.

Mr O says Wise should refund him the money he sent to M as he didn't get the cryptocurrency he intended to buy. He says that Wise has a loop hole in its system which allows fraud. But I don't agree. I say this because I think Mr O did receive the correct service from Wise. I also think Wise made it clear that it didn't have any control over an authorised payment regardless of how quickly a dispute is raised. I'm satisfied that its terms are clear that the payer is responsible for checking the payment details are correct and that it isn't able to intervene in any disputes between the parties. I've also seen that Wise has noted Mr O's dispute about M and D and taken appropriate steps to prevent further fraud, in line with its terms and conditions. So I'm satisfied Wise hasn't treated Mr O unfairly.

In reaching this conclusion, I've also considered the information that Wise has provided to our service in confidence. I'm sorry but I can't share this information with Mr O due to its commercial sensitivity. On balance when considering Wise's wider regulatory responsibilities and all the information available to me, I do not believe it would be fair to require Wise to pay Mr O the refund he seeks.

Finally, I can see that Wise has accepted it fell short on the service it provided to Mr O because it took longer than its agreed timeframe to respond to Mr O's dispute and complaint. Wise has apologised and paid Mr O £150 compensation. I think this is a reasonable and fair offer. So, I won't be asking Wise to do anything more.

In summary, I know this will be disappointing for Mr O, but with everything I've seen I won't be asking it do do anything more to resolve Mr O's complaint.

### **My final decision**

For the reasons I've explained, 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 O to accept or reject my decision before 30 July 2024.

Sharon Kerrison  
**Ombudsman**