

The complaint

Ms H is unhappy Wise Payments Limited didn't intervene on payments she sent to a scammer. She says Wise ought to have flagged the transactions as suspicious, and had it intervened the loss would have been prevented.

What happened

Ms H says she was tricked into sending money as part of a 'job scam', and believed the payments were going towards a legitimate opportunity – where commission could be earned through buying and selling items online. She was persuaded to open an account with Wise and topped it up with £2,096. Then in September 2023 she made three transactions from the account on the same day. The first two payments were each for £1,000, and the final transaction was for £96. It appears the transfers were used to fund peer to peer cryptocurrency purchases. Ms H says she realised it was a scam because they kept telling her to put in more money to 'level out the credit' she was supposedly making from sales.

In February 2024 Ms H raised a complaint with Wise, via a representative, about the transactions. It said the transactions were out of character for the account, and should have looked suspicious to Wise. Ms H remembered there being pop ups when making the transfers, but argued that Wise ought to have questioned her further. Had it intervened appropriately she believed the scam would have been uncovered.

Wise said in its response that it asked Ms H, via automated screens, for the purpose of the transfers and that she selected she was sending money to 'friends and family'. That answer prompted screens with warnings, which asked whether Ms H had met the payee in real life and if she'd been asked for money unexpectedly. Wise said it gave Ms H the option to decline or continue with the transfers following the warnings – and she opted to continue. It therefore didn't think it should be held responsible for the loss, as it couldn't reasonably have been aware of what was happening.

Ms H wasn't happy with the response and so referred the matter to our service for review. One of our investigators considered what had happened, but thought Wise had acted fairly in the circumstances. In her view, the amounts and pattern of the payments weren't sufficiently indicative Ms H was likely being scammed. The payment purpose given by her also didn't alert Wise to the actual risks involved. So the investigator concluded that Wise couldn't reasonably have been on notice the payments were scam related, and in her opinion it wasn't liable for the loss.

Ms H didn't accept the investigator's view, and asked for an ombudsman to make a final decision on the matter. So the complaint 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.

Having done so, I'm not upholding the complaint. I appreciate that will come as a great

disappointment to Ms H, who has sadly lost a lot of money to a cruel and sophisticated scam. I have a great deal of sympathy for what she's been put through at the hands of the fraudster. But, on balance, I can't fairly say Wise should be held responsible for the loss. That's because I don't consider it ought reasonably to have been on notice that Ms H was at risk of being scammed, and I've explained why below.

In broad terms, the starting position in law is that a payment services provider is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions of the account and the Payment Services Regulations (PSR's). Ms H 'authorised' the transactions in question (she made them), albeit under the false belief they were for a legitimate job opportunity. So Wise were under an obligation to process the payments – but that isn't the end of the story, as far as Wise's responsibility in the matter goes.

While that's the starting position, I've also taken into account the regulator's rules and guidance; relevant codes of practice, along with what I consider to have been good industry practice at the time. That means I consider Wise should fairly and reasonably have been on the lookout for the possibility of fraud at the time, and intervened if there were clear indications its customer might be at risk. Wise didn't make enquiries, via its chat function, with Ms H about these payments before processing them. So the question for me to decide is whether the disputed transactions ought to have looked concerning enough to have prompted more involved fraud checks.

There wasn't any account history prior to the disputed transactions for Wise to compare things to. That made it difficult to spot that these were out of character, as it didn't know what Ms H's usual account activity looked like. But I don't find the amounts, both individually and collectively, are so significant that Wise ought to have been concerned and made further enquiries. I also don't think a clear scam pattern was evident yet – for instance, the payments weren't made in rapid succession, nor were they escalating in value.

Ms H said the purpose of the transfers was paying friends and family, and that answer would have seemed consistent with what Wise knew about their end destination – which was an account in an individual's name. So I think the warnings provided by Wise were proportionate to the risks that would have been apparent at the time. I'm also satisfied it did what it should have, in terms of attempting recovery of the funds – but unfortunately that wasn't possible in the circumstances.

Overall, I don't consider there were sufficient indications Ms H was at risk of fraud to have warranted any further intervention from Wise. I'm sorry to disappoint Ms H, and I recognise the huge impact the fraud will have had on her. I just can't fairly say that Wise ought to have prevented the loss in this case.

My final decision

My final decision is I don't uphold Ms H's complaint about Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms H to accept or reject my decision before 25 October 2024.

Ryan Miles
Ombudsman