

The complaint

Mrs H has complained that Wise Payments Limited (“Wise”) failed to effectively protect her from becoming the victim of a car purchase scam.

What happened

The background of this complaint is already known to both parties, so I won’t repeat all of it here. But I’ll summarise the key points and then focus on explaining the reason for my decision.

In May 2023 Mrs H’s relative sent her a link to a company’s website showing a car that Mrs H ultimately decided to purchase. Mrs H’s husband spoke to someone at the company to understand the delivery process and Mrs H asked for a video of the car, and also asked a relative to check that she was dealing with a legitimate company before paying for the car. Mrs H also says that the company did some checks to verify her identity, and it appears all correspondence Mrs H had with the company, such as when contacting them and their invoices, looked professional. Following this Mrs H sent £9,353.69 to an individual (“the scammer”) who she believed worked for the legitimate company.

Mrs H arranged delivery of the car but when it wasn’t delivered on the arranged date and she was unable to contact the scammer, Mrs H realised she’d been scammed.

Mrs H reported the fraud to Wise but she says she didn’t get a response in relation to whether it was able to recover the funds from the scammer.

Mrs H says that Wise failed to intervene by providing her with a scam warning or asking her any questions before she made the payment. She says the transaction was high value so Wise should’ve been alerted to the potential that it was a scam.

Mrs H made a complaint about this to Wise, but as Wise didn’t respond she referred it to this service.

Our investigator considered everything and didn’t think the complaint should be upheld. She explained that she thought the warning Wise showed Mrs H before making the payment was sufficient. She also said that even if Wise had done more to warn Mrs H about the potential of a scam, such as by talking to her, she didn’t think it would’ve made a difference.

Mrs H didn’t accept the investigator’s opinion. She explained that the person who sold her the car didn’t in fact work for the company named on the invoice she’d received. After some investigation she’d learned that the account she had sent the money to was in Spain. She’s explained she spoke to the Spanish bank and they directed Mrs H to ask Wise to email them with a transaction reversal request. Mrs H says she did this but the Spanish bank didn’t receive any such request from Wise.

As Mrs H didn’t accept the investigator’s opinion, and provided more information, the case has been passed to me to make a decision.

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 sorry to disappoint Mrs H but having considered everything I'm afraid I'm not upholding her complaint, broadly for the same reasons as our investigator, which I've set out below.

Generally, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case it's not in question whether Mrs H authorised the payment from leaving her account. It's accepted by all parties that Mrs H gave the instruction to Wise and Wise made the payment in line with the instruction, and in line with the terms and conditions of Mrs H's account.

But that doesn't always mean that the business should follow every instruction without asking further questions or intervening to ensure requests coming from their customers are firstly genuine, and secondly won't result in harm.

Wise displayed an on-screen scam warning when Mrs H initiated the payment, at which point it asked Mrs H for the purpose. Mrs H correctly selected the purpose as "Buying goods or services" and following this she was shown a specific warning relevant to buying products online, advising her to pay directly through the website of the company she was buying from. The warning also encouraged Mrs H to conduct her own research into the company she was buying from before sending money to it.

In this instance I think it's possible Wise ought to have done more to understand the payment better, but even if it had, considering what Mrs H would've told it, I think it would've been reassured and the scam wouldn't have been uncovered. So I don't think Wise ought to have been aware that Mrs H was potentially being scammed, nor am I persuaded that if Wise had acted differently it would've been able to prevent the scam.

Although I've noted Mrs H's comments that she did go some way to ensuring that she was dealing with a genuine company, the scammer appears to have used the genuine company's identity to convince Mrs H to send the funds to them. So even if Wise had asked her more questions, it's possible that it wouldn't have been alerted to the fact this was a scam in any case. Whilst I'm not suggesting Mrs H is responsible for being scammed, I'm afraid I'm also not holding Wise responsible for it.

Recovery of the funds

Mrs H reported the fraud to Wise five days after it took place. I know she's concerned about the length of time it took for Wise to deal with this, or in fact whether it did anything at all to attempt recovery.

I'd like to reassure Mrs H that I've seen that Wise attempted to contact the receiving bank on the day she reported the fraud, but that bank doesn't appear to have responded for around a month. Nevertheless, the fact that the funds were sent overseas means Wise would only have been able to try to recover them on a 'best endeavours' basis – which I'm satisfied it did. So Wise did what I'd expect to attempt to recover Mrs H's funds, albeit unsuccessfully.

I'm very sorry that Mrs H has fallen victim to this scam and I do understand that my decision will be disappointing. But for the reasons I've set out above, I don't hold Wise responsible for the money Mrs H has unfortunately lost.

My final decision

I do not uphold Mrs H's complaint against Wise Payments Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs H to accept or reject my decision before 12 September 2024.

Sam Wade
Ombudsman