

The complaint

Ms L complains about the service she's received from Wise Payments Limited surrounding payments made from her account that she says she didn't make or otherwise authorise.

What happened

The background to this complaint is well known to both parties. So, I'll only provide an overview of some of the key events here.

In January 2024, Ms L noticed some card transactions on her Wise account which she didn't recognise. She reported this to Wise, who investigated her claim and refunded the disputed transactions. Ms L complained, she felt Wise should also pay her compensation. She was unhappy with the way Wise handled her unauthorised transactions claim and the lack of support it gave her at a time where she says she was really scared and panicked. Ms L says she had to reset her phone as she thought it might've been hacked. This resulted in her losing access to authentication apps which she needed for work purposes. This was stressful and caused her inconvenience for a five-day period. Ms L feels if Wise had better security and fraud prevention systems in place, and if it had provided better customer service and shared information about how this had happened it would've prevented the distress and inconvenience she suffered.

Wise didn't uphold Ms L's complaint, and the matter was referred to our service. Our Investigator didn't recommend that the complaint should be upheld. In summary she concluded Wise had acted fairly. Ms L disagreed, so the complaint was passed to me to decide.

Having reviewed everything, in an attempt to resolve matters at the earliest possible stage, I spoke and wrote to Ms L setting out why I intended on reaching the same outcome as the Investigator, in so much as it wouldn't be fair and reasonable to ask Wise to do anything more in these circumstances. In summary I said:

- There is no evidence to support that there has been a breach in Wise's security through which a criminal was able to obtain and utilise Ms L's card details. There could be several different ways an unknown third party could've obtained these details. On balance, I'm not persuaded that Wise are at fault.
- Wise are expected to process payments promptly without undue delay. The transactions weren't of high value, and I don't think they were suspicious enough to have caused concern. So I can't say Wise have acted unreasonably by processing the payments. At the time Wise couldn't reasonably have known that it wasn't Ms L making the payments or that this was unauthorised use of her card. So I can't say Wise have failed in this regard.
- Upon receipt of a claim, we'd expect a payment service provider (PSP) such as Wise to investigate the matter and decide if it is refunding the sum of the disputed transactions. The relevant regulations here are the Payment Services Regulations 2017 (PSRs). Section 76 of which covers a PSP's liability for unauthorised payment

transactions says: (1) Subject to regulations 74 and 75, where an executed payment transaction was not authorised in accordance with regulation 67 (consent and withdrawal of consent), the payment service provider must — (a) refund the amount of the unauthorised payment transaction to the payer; and (b) where applicable, restore the debited payment account to the state it would have been in had the unauthorised payment transaction not taken place.

- It is not Wise's role to investigate the crime itself. The appropriate authority to do so, would be the police. Wise on receiving a report of an unauthorised transaction would first need to assess the validity of the claim and decide whether it will be refunding the transaction(s) and where applicable restoring the account to the state it would have been in but for the unauthorised use. I can see Wise's agent explained this process to Ms L, sent her the relevant forms to complete, and made her aware of the timescales the relevant team work to. Ms L received a response to the claim on 8 January 2024 (within the time scales given). In the interim, Wise had promptly secured the account, as we'd expect it to, to prevent further losses. It had told Ms L not to unfreeze her card or order a replacement until the matter had been investigated. I appreciate Ms L's expectation is that Wise ought to have done more, but I can't say the steps it took were unreasonable or outside of the industry norm.
- From what I've understood, the main reason Ms L provides for why she believes Wise should pay compensation is for the impact and inconvenience resetting her phone had on her. However, Wise did not advise Ms L to reset her phone, nor would I have expected it to have advised on such matters as it couldn't reasonably have known how the card details were compromised. So, it would've always been for Ms L to decide if this is something she wanted to do. Ms L told us she was extremely worried and frightened about losing further money, so I think this is likely a step she would've always taken. In these circumstances I don't think it's fair to ask Wise to pay compensation for the impact and inconvenience she has suffered as a result of resetting her phone. And, here ultimately it was the actions of the third party (criminal) that caused Ms L worry and stress, and it wouldn't be fair to ask Wise to pay compensation for the actions of another party.
- I provided assurance that just because I can't uphold this complaint and ask Wise to do anything more doesn't mean that I am blaming Ms L or holding her responsible for what has happened here. There are three parties involved: Ms L, Wise and the third party who without Ms L's authority utilised her card details. And in these circumstances, it is the third party who is responsible for the unauthorised use of Ms L's card, and the cause of the worry and stress.

Wise didn't respond, and Ms L didn't think this was fair as she was the person who had acted swiftly (thus preventing further losses), not Wise. She maintained that Wise ought to have done more to help her, and that it should have better fraud detection systems.

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 hear about the impact the fraud has had on Ms L. But, as neither party has provided any new evidence or comments for me to consider, I see no reason to deviate from the outcome I've previously explained. For the reasons set out above, in these circumstances I'm not persuaded that Wise have acted unfairly or unreasonably. So I'm not going to direct that it needs to do more to resolve this complaint.

I appreciate Ms L's strength of feeling about what has happened here, so I thought it would be worth mentioning that she is under no obligation to accept my final decision. If she doesn't accept my decision, it won't be legally binding, and she is free to pursue Wise through other avenues, such as the courts, should she decide to do so. If this is something Ms L is considering, I'd recommend that she seeks independent legal advice.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms L to accept or reject my decision before 1 October 2024.

Sonal Matharu
Ombudsman