

The complaint

Mr K is unhappy that Wise Payments Limited will not refund £3,754.14 he lost as the result of a scam.

Mr K has brought his complaint to this service through a representative. For ease I will refer solely to Mr K in this decision.

What happened

As both parties are familiar with the details of the scam, I will not repeat them in full here. Mr K fell victim to a job/task scam. In summary, he was contacted by the scammer via WhatsApp and offered the opportunity to earn an income in exchange for rating and reviewing movies to boost sales. He needed to deposit funds in the scammer's account after an initial credit it provided ran out. He made the following payments by debit card to an account at a cryptocurrency trading platform that he had opened on 14 October 2023 on the scammer's instruction. He then used this money to fund his account with the scammer that gave him access to the tasks.

payment	date	time	value
1	15/10/2023	12.08	£50.00
2	16/10/2023	9.15	£160.00
3	17/10/2023	10.30	£221.23
4	17/10/2023	10.47	£12.78
5	17/10/2023	12.39	£28.15
6	17/10/2023	12.58	£103.17
7	17/10/2023	13.07	£12.79
8	18/10/2023	10.15	£297.35
9	18/10/2023	11.25	£101.97
10	18/10/2023	12.38	£424.69
11	18/10/2023	14.28	£1,021.35
12	18/10/2023	14.32	£17.03
13	18/10/2023	15.34	£1,303.63

He received credits to his account for £820.10 between 15 and 17 October 2023. But when Mr K tried to withdraw any of the money he had earned, or deposited, and was unable to he realised he had been scammed. He did not report this to Wise at the time, only after taking advice from his representative.

Mr K says Wise did not do what it should have to protect him and prevent his losses. Wise says it gave a scam warning to Mr K when he tried to authenticate his card on the crypto platform on 14 October 2023 yet he went ahead with the subsequent transactions.

Our investigator upheld Mr K's complaint in part. He said Wise should have intervened at the

time of payment 13 and it would have most likely broken the spell of the scam. But it should only refund 50% of Mr K's loss from that transaction as Mr K could also have done more to prevent the scam. He found Wise could not have done more to try to recover the money.

Wise accepted this assessment. Mr K did not and asked for an ombudsman's review. He said Wise should have identified the risk of fraud earlier, and at the very least by payment 11.

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 have reached the same conclusion as the investigator. I'll explain why. To reach my decision I have taken into account the law, regulator's rules and guidance, relevant codes of practice and what was good industry practice at the time. To note, the principles of the Contingent Reimbursement Model (CRM) code do not apply in this case for a number of reasons including the fact Wise is not a signatory.

There's no dispute that Mr K made and authorised the payments. Mr K knew where he was sending the money and the reason why. At the stage he was making these payments, he believed he was depositing funds to allow him to generate income by completing tasks. I don't dispute Mr K was scammed and he wasn't making payments for the reason he thought he was, but I remain satisfied the transactions were authorised under the Payment Services Regulations 2017.

It's also accepted that Wise has an obligation to follow Mr K's instructions. So in the first instance Mr K is presumed liable for his loss. But there are other factors that must be considered.

Wise is an Electronic Money Institution (EMI) and at the time the payments took place it wasn't subject to all of the same rules, regulations and best practice that applied to banks and building societies. But it was subject to the Financial Conduct Authority's Principles for Businesses, including by this date the Consumer Duty, and BCOBS 2 and owed a duty of care to protect its customers against the risk of fraud and scams so far as reasonably possible.

In this context I think Wise needed to intervene at the time of payment 13. I say this as by that stage Mr K had cumulatively sent over £3,000 to an identifiable crypto account in a short time frame. And the value of the payments had increased, with the two largest payments being funded by credits onto the account that Mr K then moved straight out. Mr K argues earlier payments ought to have triggered an intervention but I disagree. Until the 18 October 2023 the payments were not high value, and it wasn't until payment 13 that I find there was a pattern that could reasonably be seen to be suspicious.

This means I need to consider what would most likely have happened had Wise intervened at this point. Given the payment value I think it would have been reasonable to start with a tailored automated warning asking about the purpose of the payment. I think there is a real possibility Mr K would have chosen 'sending money to friends and family' and not 'paying to earn money by working online' here. I say this as I have listened to the call recording of an intervention by the sending back when he moved £1,000 into his Wise account on 18 October 2023. On this he said he was sending money to family. However, I think had he said the same thing here Wise would have needed to contact Mr K directly as his response ought to have been a red flag. There were 12 other recent payments to the same account at a crypto platform – something that did not fit with his likely chosen purpose.

And I think had Wise asked a series of questions in order to establish the specific scam risk it would most likely have broken the spell of the scam. I do not think Mr K would have been able to plausibly explain why he needed to buy USDT as a way to send money to family. Proportionate questions would have most likely led Wise to have learn Mr K had been contacted via WhatsApp about an income opportunity based on completing tasks. It would then have discovered he had no employment contract and was having to pay to earn – a significant red flag. From the correspondence between the scammer and Mr K I cannot see that he had a good understanding of how the opportunity was going to work for him and this would have come across. And I have not seen any evidence Mr K had been given a cover story by the scammer. In the round, I have no reason to think he would not have taken Wise's intervention seriously.

It follows I think an appropriate intervention from Wise would have prevented Mr K's loss from payment 13.

Should Mr K bear some responsibility for the overall loss?

I've considered carefully whether Mr K should hold some responsibility for his loss by way of contributory negligence. I think he should be held responsible in part. He had been contacted via WhatsApp. He was looking for work at the time so the scammer had a credible entry point. But to then go ahead with a 'job' with no contract of employment when upfront payments were required was high-risk and somewhat negligent. Legitimate income opportunities aren't found in this way. Overall, I'm not satisfied that it was reasonable for Mr K to proceed without better checks.

I am therefore instructing Wise to refund only 50% of Mr K's loss from payment 13.

Did Wise do what it should to try to recover Mr K's money?

I have thought about whether Wise could have contacted the crypto platform to recover the funds. But Mr K had moved the funds on from there to the scammer so that would not have been successful.

In relation to whether a chargeback could have been raised for the debit card payments to the crypto exchange, these payments were essentially to transfer funds from one account held by Mr K to his crypto account. As this happened as he instructed there would be no grounds for a chargeback.

It follows I do not find any failings on its part in this regard.

Putting things right

Wise must:

- Refund 50% of £1,303.63 (so £651.82); and
- Pay interest on the above amount at the rate of 8% simple per year from the date of payment 13 to the date of settlement.*

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

I have found no grounds to make the additional compensatory award of £300 that Mr K asked for.

My final decision

I am upholding Mr K's complaint in part. Wise Payments Limited must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 13 January 2025.

Rebecca Connelley
Ombudsman