

## **The complaint**

Mr G has complained that Wise Payments Limited (“Wise”) hasn’t refunded the money he lost as part of an impersonation 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 August 2023 Mr G was contacted by an individual (“the scammer”) via a popular messaging application who explained that Mr G had been audited by His Majesty’s Revenue and Customs (“HMRC”) and it had been found Mr G had underpaid almost £5,000 in tax. He was told a warrant was out for his arrest and he was sent a letter within the messaging app setting out the allegations against him, with instructions on how to pay the alleged debt.

Mr G was persuaded to make a payment of £4,998 from his Wise account, which he did, in order to supposedly clear the debt. To fund the payment Mr G transferred funds from another of his accounts held with a different bank, to his Wise account. He says he checked and the number he was called from was the same as the official number advertised on the HMRC website.

Mr G also explains he spoke to the scammer by phone, and they requested he paid an additional amount which he couldn’t afford. He was kept on the phone for almost two hours but he eventually ended the phone call and when he called back, using the phone number for HMRC that he found online, he was told that the previous messages and calls he’d received were fraudulent. He notified Wise of the scam on the same day.

Wise didn’t refund the money Mr G had lost as part of the scam, so Mr G made a complaint. In his complaint he explained that he believed Wise was responsible for his loss as it didn’t intervene when he was attempting to make the payment. Wise didn’t uphold the complaint as it said it couldn’t have foreseen Mr G falling victim to this scam, and it completed the payment in line with Mr G’s instruction and in line with its Customer Agreement.

Mr G remained unhappy so he referred his complaint to this service.

Our investigator considered everything and thought the complaint should be upheld. She thought the payment was extraordinary enough that Wise should’ve intervened, and had it done so, the scam might’ve been prevented.

As Wise didn’t accept the investigator’s opinion, 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.

Having done so I'm upholding Mr G's complaint, broadly for the same reasons as our investigator, which I've set out below.

In broad terms, 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 Mr G authorised these payment from leaving his account. It's accepted by all parties that Mr G gave the instruction to Wise and Wise made the payment in line with that instruction, and in line with the terms and conditions of Mr G'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 says it warned Mr G that the Confirmation of Payee ("CoP") result indicated that the recipient's account didn't match the payee name Mr G entered, and that Mr G accepted this risk and proceeded with the transfer. It also says it didn't show Mr G any other scam-related warnings when he made the payment, as its systems didn't flag it as suspicious. Wise also says that even if it had warned Mr G, it thinks he'd still have made the payment as he was being pressured by the scammer to complete it quickly.

Wise also explained that it's Mr G's responsibility to understand his tax liabilities, and had he done so, he wouldn't have believed that he'd be arrested or fined if he didn't make the payment to the scammer.

I'm upholding the complaint for the following reasons:

- Mr G's account had been open for around nine months at the point the scam took place, and in that time it had only ever sent one payment, of £100. Whilst Wise has limited information to understand what would be considered "normal" account activity for Mr G, that doesn't mean it shouldn't be on the lookout for signs of financial harm for its customers. The fact Mr G's account had barely been used, and then a large payment credited and debited the account on the same day, and was sent to a recipient where the payee details didn't match the destination account, is sufficiently suspicious that Wise should've intervened.
- At the time the payment took place, in August 2023, scams like this one were well-known to banks and payment providers, including Wise. Even without having any account history for Mr G I'm satisfied that Wise should've been sufficiently concerned about the payment, for the reasons I've already set out, and that it should've intervened before the payment was made.
- I'd have expected Wise to ask Mr G questions about the payment to understand more about it. I'd also expect Wise to have shown Mr G a written scam warning as a minimum, broadly covering the risks associated with scams. Although I note Wise's point that Mr G was kept on the phone to the scammer and encouraged to make the payments quickly, and therefore would still have made the payment despite any warnings, that doesn't mean Wise didn't have a responsibility to intervene.
- If Wise had asked Mr G about the purpose of the payment, I haven't seen anything to suggest he wouldn't have been honest. Wise could then have given him information on some of the tactics used in scams like this one, as it's a well-known scam that

Wise would've seen many times before. Had it done this Mr G would've understood more about how scammers can impersonate genuine organisations using methods such as "number spoofing", as it did here, and the scam may've been uncovered.

*Is Mr G responsible for any of his losses?*

Having considered everything I don't think Mr G acted unreasonably such that he should be held responsible for any of his losses.

Mr G was contacted by phone from a number which he checked, and which appeared to be from an official Government department. Although he was later told by HMRC that it would never contact individuals by phone, I think it's reasonable he believed it might've done this, given that most organisations communicate with individuals by phone at some point. Mr G has also explained he wasn't aware that scammers could impersonate phone numbers in the way they did in this case, and I think that's reasonable.

I'm mindful that Mr G was sent messages from the scammer via a messaging application, which isn't common for Government departments to use. But the letter Mr G was sent also appeared genuine, and this, in combination with the sense of urgency created by the scammer, makes me think that Mr G acted reasonably in the circumstances, by making the payment to avoid what he believed to be further financial harm.

**Putting things right**

To put Mr G back in the position he'd have been in had Wise done what it should've, Wise needs to:

- Reimburse Mr G the £4,998 he lost as part of this scam and;
- Pay 8% simple interest on this amount, from the date the payment left Mr G's account until 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 G how much it's taken off. It should also give Mr G a tax deduction certificate if he asks for one.

**My final decision**

I uphold Mr G's complaint and require Wise Payments Limited to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 24 October 2024.

Sam Wade  
**Ombudsman**