

The complaint

Mr N is being represented by solicitors. He's complaining about Wise Payments Limited because it won't refund money he lost as the result of fraud.

What happened

Sadly, Mr N was the victim to a cruel job scam. He says he was approached on WhatsApp by somebody offering him an online role that required him to write reviews in exchange for payment. But to obtain that payment, he needed to pay a succession of fees that continued to rise until he realised he was being scammed.

In October 2023, Mr N opened an account with Wise to facilitate payment to the fraudsters. He made a number of smaller payments until Wise closed the account because it thought he was at risk of fraud. The payments from this account haven't been included in this complaint but I will refer to this account in my decision as it's relevant to the outcome.

After the account was closed, Mr N opened a new account with Wise in November 2023. From this account he made the following payments to the fraudsters:

Date	Amount (Euros)
1 December	5,811
13 December	8,080
15 December	8,800

It's these payments that are the subject of this complaint. Each was to a different individual and I understand they went to Wise accounts held in those names. Unfortunately by the time the fraud was reported, the money had been moved out of the recipient accounts and couldn't be recovered.

Our investigator didn't recommend the complaint be upheld. She felt Wise should have identified the payments as potentially suspicious and provided appropriate fraud warnings. But if it had done, she didn't think it would have made a difference as Mr N would have wanted to proceed anyway.

Mr N didn't accept the investigator's assessment and his representative made the following key points:

- Wise should have been aware of the possibility that Mr N was at risk of fraud as it closed his first account for that reason.
- Wise should have been able to identify Mr N held a previous account from his name and date of birth. The fact he used different identification and worded his address differently isn't a valid reason for not doing so.
- An appropriate intervention could have uncovered the scam and made a difference to the outcome. The fact Mr N ignored other warnings doesn't mean he would have continued to do so.

The complaint has now been referred to me for review.

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've reached the same overall conclusions as the investigator, and for broadly the same reasons. I haven't necessarily commented on every single point raised but concentrated instead on the issues I believe are central to the outcome of the complaint. This is consistent with our established role as an informal alternative to the courts. In considering this complaint I've had regard to the relevant law and regulations; any regulator's rules, guidance and standards, codes of practice, and what I consider was good industry practice at the time.

In broad terms, the starting position at law is that an Electronic Money Institution such as Wise is expected to process payments a customer authorises it to make, in accordance with the Payment Services Regulations and the terms and conditions of their account. In this context, '*authorised*' essentially means the customer gave the business an instruction to make a payment from their account. In other words, they knew that money was leaving their account, irrespective of where that money actually went.

In this case, there's no dispute that Mr N authorised the above payments.

In its response to the investigator's assessment, Mr N's representative set out its view that Wise failed to meet the standards set out in the Contingent Reimbursement Model (CRM) Code. But that's not relevant to the outcome of this case as the code was voluntary and Wise didn't signed up.

This notwithstanding, there are some situations where we believe a business, taking into account relevant rules, codes and best practice standards, shouldn't have taken its customer's authorisation instruction at 'face value' – or should have looked at the wider circumstances surrounding the transaction before making the payment.

Wise also has a duty to exercise reasonable skill and care, pay due regard to the interests of its customers and to follow good industry practice to keep customers' accounts safe. This includes identifying vulnerable consumers who may be particularly susceptible to scams and looking out for payments which might indicate the consumer is at risk of financial harm.

Taking these things into account, I need to decide whether Wise acted fairly and reasonably in its dealings with Mr N.

Should Wise have identified Mr N was opening a second account

On this point, Wise says it doesn't rely solely on a customer's name and date of birth to identify duplicate accounts as that would lead to too many false matches. Instead, it says it also refers to other information, including the customer's email address, postal address and the identification used when opening the account. This doesn't seem an unreasonable approach.

In this case, Mr N used a different email address and identification when applying for the second account. He also formatted his postal address differently. While I understand he was guided to do this by the scammer, the fact he applied in this way means I can't reasonably say Wise should have realised this wasn't his first application. It follows that Wise wouldn't

have known about what happened with the first account when making decisions about payments instructed on the second.

Should Wise have identified that Mr N could be at risk of fraud

One of the key features of a Wise account is that it facilitates money transfers, often involving large amounts and sometimes to overseas accounts. And, as far as Wise was concerned, this was a new account with was no history of past activity against which these payments might have looked suspicious.

Nonetheless, the payments were relatively large and to a new payee each time. They were also made within a short space of time and Wise has said Mr N didn't confirm the reasons for them. I think these considerations should have prompted it to intervene at some point to provide appropriate warnings about fraud and scams and it's very surprising that this didn't happen given the measures it took with his previous account.

Would an intervention by Wise have prevented the fraud?

I've thought very carefully about what sort of intervention Wise should have carried out and the effect this might have had. But, on balance, it's my view that Mr N would still have wanted to go ahead with the payments if an appropriate intervention had taken place.

For Wise to have identified the nature of the fraud, Mr N would have needed to provide accurate information about the reasons for the payments he was making. I realise he was acting on instructions from the fraudsters, but his past conduct suggests he wouldn't have done so and I say this for a number of reasons:

- Mr N transferred money to pay to the fraudsters from an account with another bank. When that bank asked about the reasons he was transferring money, instead of revealing the true purpose he said it was to purchase goods and services. He also received generic warnings about fraud and scams when instructing those transfers but continued anyway.
- When Mr N received messages asking about the reasons for the payments from his first Wise account, he consistently said he was transferring money to friends and family. He could instead have said he was paying money to work online. That option would have most closely reflected the purpose for which he was making the payments. If he'd selected it, that should have prompted more detailed and tailored warnings about job scams.
- Mr N didn't provide information about the reasons for the payments made from his second Wise account.
- The application for the second account was put forward with a number of differences to the first application in an attempt to ensure Wise wouldn't realise he'd held an account previously.

In circumstances where Wise couldn't have identified the specific type of fraud from which Mr N was at risk, I think the most it could have been expected to do was provide generic warnings about the risk of fraud and scams. Had it done this, I think it's likely Mr N would have proceeded to make the payments anyway.

As I've said above, Mr N didn't react to warnings from the bank he used to transfer money to Wise. He was also clearly told his first Wise account was closed because he was thought to

be at risk of fraud. Instead of contacting Wise to appeal this decision, as he was invited to do, Mr N opened a second account using different information. It also seems clear he had serious doubts himself about what was going on and the record of his conversations with the fraudster shows he alleged the scheme was a fraud and a scam as early as the end of November. But despite these concerns he went on to make three large payments.

I want to be clear that it's not my intention to suggest Mr N is to blame for what happened in any way. He was under the spell of a fraudster who was clearly adept at manipulating victims. I can understand why he acted in the way he did. But my role is to consider the actions of Wise and, having done so, I'm not persuaded these were the cause of his losses.

Recovery of funds

I've also looked at whether Wise took the steps it should have once it was aware that the payments were the result of fraud.

Mr N didn't tell Wise what had happened until 23 February this year, more than two months after the final payment. I do understand why he might not have wanted to talk about what had happened straight away. But it's a common feature of this type of scam that the fraudsters will move money very quickly to other accounts once received to frustrate any attempted recovery. Wise has said the recipient accounts had been cleared of funds by the time it was told about the fraud and I don't think it could have done anything differently at that point that might have led to Mr N's money being recovered.

In conclusion

I recognise Mr N has been the victim of a cruel scam and I'm sorry he lost such a large amount of money. I realise the outcome of this complaint will come as a great disappointment but, for the reasons I've explained, I think Wise acted fairly and reasonably in its dealings with him and I won't be telling it to make any refund.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 19 December 2024.

James Biles
Ombudsman