

## **The complaint**

Mr H complains that MoneyGram International Limited ("MoneyGram") refuses to refund him losses after he fell victim to a scam.

Mr H has a representative helping him with his complaint.

## **What happened**

Mr H says during lockdown while he was out of work, he decided to buy goods online to send to his brother in a foreign country for his brother to sell. Mr H looked online and came across two companies. After registering his details, he spoke to the scammer. Mr H says he was shown videos of the goods on sale and was offered a sample of sugar he was interested in buying. Mr H recognised the brand of the sugar so didn't require a sample. He eventually agreed to buy 100 metric tonnes of sugar for £12,000. Mr H was provided with invoices by the firm for the purchase and he continued to speak to the scammers via a popular chat function on his mobile.

During the shipping process, Mr H was asked to pay additional costs including port fees, container insurance etc. Mr H was then put in touch with another scammer, who sold him some rice (after he was sent a sample).

Between February 2021 to June 2021, Mr H made several payments to the scammer through MoneyGram.

Mr H (through his representatives) has accepted his conversations through the chat function show that, after July 2021, Mr H had some serious concerns over these transactions.

By September 2021, when no goods had arrived, Mr H realised he'd been scammed. In the latter part of 2022, Mr H (through his representative) asked MoneyGram to refund the money he had lost. Mr H felt that MoneyGram ought to have intervened when he was sending the money and asked questions about what he was doing. Had it done so, it would have discovered the scam and stopped Mr H from sending the money.

MoneyGram refused to refund the money Mr H had lost, saying it had done nothing wrong. It says that, as the money had already been paid out to the scammers, it could not refund the money to him. It said that the form completed by customers before sending money had a general warning about scams on it and Mr H would have used a form like this to send his money.

Unhappy, Mr H referred the matter to this service. One of our investigators looked into what happened and didn't think MoneyGram should have to return the money to Mr H. He felt that the transactions Mr H sent were not significant enough to have warranted an intervention. And even if it had intervened, he didn't think MoneyGram would have discovered the scam.

Mr H (through his representative) asked for an Ombudsman to review the matter re-iterating that he had been the victim of a scam, that MoneyGram ought to have intervened at least for his payment of £5,000. He felt that had MoneyGram asked questions, it would have

discovered the scam for a number of reasons. For example, MoneyGram would have identified that he'd only discovered the scammers online, that they were discussing business over a mobile chat function, and that he'd been asked to send money via MoneyGram with little to no way of him getting his money back if anything went wrong. He felt it had all the markers of a scam.

As the complaint couldn't be resolved, it was passed to me.

In my provisional decision of 14 July 2023, I set out why I was minded to not upholding the complaint. I invited both parties to provide any further submissions they may wish to make before I reached a final decision. MoneyGram did not make any additional comments but Mr H (through his representative) did make some comments which I'll address below.

### **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.

In my provisional decision I explained the following:

*Firstly, I'd like to explain that I'm aware Mr H has raised these concerns against another bank. But this decision only relates to his complaint against MoneyGram.*

*To begin with, where customers authorise payments from their accounts, businesses such as MoneyGram are under an obligation to process such transfers. If consumers are the victim of a scam (like Mr H), the starting point is that they're responsible. To be clear, MoneyGram did not scam Mr H and it is not the perpetrator of the scam.*

*However, financial businesses also have a duty to try to prevent their customers falling victim to scams. Businesses therefore need to strike a balance between intervening with payments to prevent scams or financial harm against the risk of unnecessarily inconveniencing or delaying legitimate transactions.*

*In order for me to uphold a complaint of this nature, and hold MoneyGram liable for the losses instead of Mr H, I'd need to be satisfied that MoneyGram failed in its duty to protect Mr H in some way, and that if it had instead done what it should have done, this either would have stopped the losses from occurring in the first place or helped to mitigate the losses once notified of the potential scam (by retrieving the money, for example).*

*As explained by our investigator, Mr H's transaction history shows that the transactions were for relatively small amounts. There isn't a single transaction or a series of transactions in a short space of time, that I think ought to have triggered an intervention by MoneyGram. So, I don't think it's unreasonable that MoneyGram didn't flag these transactions as unusual or suspicious. Due to the nature of the transactions, in my view, MoneyGram didn't unreasonably miss an opportunity to identify the scam.*

*I understand Mr H's representatives feel that a payment of £5,000 in May 2021 ought to have triggered an intervention. The transaction details from MoneyGram show this payment was USD \$7,056.21 (which was £4,992.01). While that may be a lot of money for many people, in the context of the thousands of transactions processed by MoneyGram, the sum alone (in the absence of any other concerning factors) isn't enough to persuade me that MoneyGram ought to have intervened. By this time Mr H had sent several payments so the payee was established. I also have to bear in mind that Mr H didn't have a long history of activity for MoneyGram to review and assess whether this was unusual for him. I have to*

*decide whether MoneyGram acted reasonably based on the information available to it at the time.*

*As I don't think the payment was sufficiently unusual or suspicious, I don't think MoneyGram ought to have intervened and therefore couldn't have prevented the loss. So, like our investigator, I am of the view that MoneyGram didn't unreasonably miss an opportunity to prevent the loss and therefore do not uphold this complaint.*

*I understand our investigator also considered what would have happened if MoneyGram had intervened to talk to Mr H about the transaction. I have to stress that, as I don't think there should have been an intervention in any event, these points are largely academic. But for completeness I have considered the points made by Mr H's representative.*

*I accept that there were certain facts in the way Mr H was dealing with the scammers that might have appeared concerning, as set out by Mr H's representative. But there were also factors that would equally have indicated that this may be a legitimate trade. This is also a relatively small trade being done internationally, not by large multinational corporations. I would add that, as explained by our investigator, this type of scam is not as well-known as other types (such as investment scams) with more obvious themes and trends that we would expect MoneyGram to look out for.*

*At that stage of the scam, I don't think MoneyGram or Mr H had enough information to have identified that this was definitively a scam. At most, given the information that would have been available to MoneyGram, I think it could have simply given Mr H a warning, that there are risks associated with conducting business like this with a company he had found online, and paying for goods before receiving them. But this is something I think Mr H would have been aware of anyway. While any discussions may have given Mr H pause for thought, by his own admission, Mr H didn't have any concerns or suspicions until mid-July (almost 2 months after this transaction). So, I think he would likely have sent the money anyway. Overall, as set out by our investigator, I don't think an intervention during this payment would have prevented the loss.*

*Nonetheless, as explained above, I don't think MoneyGram ought to have been obligated to have intervened in this transaction, so these considerations don't affect the outcome of this complaint.*

*Overall, having looked at all the evidence provided, I don't think there was anything sufficiently unusual or suspicious happening on Mr H's account that ought to have triggered an intervention from MoneyGram. Unfortunately, MoneyGram also wasn't able to recover the funds as the money had already likely been collected by the scammers in the destination country – so there was nothing further it could do for Mr H.*

*I'm very sorry Mr H has lost out financially and have no doubt that this has caused him significant distress. But as I've said above, MoneyGram did not scam him, and I don't think it was ever presented with a realistic or reasonable opportunity to prevent the scam. So, as I can't say it unreasonably missed an opportunity to prevent the loss, I don't think it would be fair for it to be held liable for Mr H's losses.*

*Mr H through his representative has said that the money he sent was a very large amount of money for him specifically, and he feels this should have led to questioning. Mr H reiterates that he was genuinely scammed. Mr H's representative adds that the amount of money sent in May 2021, was just short of the figure this service has, in many cases, said is sufficient to warrant an intervention.*

*Firstly, I'd like to explain that there isn't a set figure that we think ought to trigger an intervention. Whether a transaction should trigger an intervention depends on a number of*

factors. For example, the amount being sent, a consumer's usual account conduct, whether the payment was being sent to an established payee, any known or established fraud trends at the time etc.

I understand that this was a significant amount of money for Mr H and I sympathise with his position. But businesses cannot intervene in every transaction so I hope Mr H will understand that they can only intervene if, the payments in question, are sufficiently unusual or suspicious that make it appropriate to do so.

As I've already explained in my provisional decision, I don't think there was enough here that ought to have triggered an intervention on the part of MoneyGram and my view of this remains unchanged. As I still don't think any of the transactions (including the one sent in May 2021) were sufficiently unusual or suspicious, I don't think MoneyGram acted unreasonably by not intervening before processing these payments.

I would like to re-assure Mr H that I do not doubt that he was the genuine victim of a scam. But, as I've previously explained, I cannot uphold his complaint solely because he was the victim of a scam. I could only uphold his complaint if I felt that MoneyGram had failed in its duty of care towards him in some way, and if it could have prevented the loss. For the reasons I have already set out, overall, I don't think MoneyGram unreasonably missed an opportunity to prevent the loss so I don't think it should be held liable for the losses suffered.

Having reviewed everything submitted, while I am again very sorry for the losses suffered by Mr H, I find no reason to depart from my original findings as set out in my provisional decision.

### **My final decision**

For the reasons explained, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 4 September 2023.

Asma Begum  
**Ombudsman**