

The complaint

Mr G complains about the service he received from MoneyGram International Limited ("MoneyGram") when he attempted to transfer funds to a family member.

What happened

In January, Mr G used MoneyGram's money transfer service to send £75 to a relative (who I'll refer to in this decision as the recipient). The recipient needed the money urgently and Mr G selected "*cash pickup*" as the method for her to receive the money. MoneyGram confirmed the transfer and said the cash would be available for the recipient to collect at any location within minutes. But the funds weren't made available to the recipient.

Mr G says he called MoneyGram several times and was told that the money would be transferred any minute. But the transfer never completed and Mr G says that MoneyGram didn't explain why. In May, Mr G brought his complaint to this service. At that point, the money still hadn't been transferred, nor had it been refunded to Mr G.

MoneyGram told our Investigator that it required verification documents from the recipient before it could release the funds. It said it had placed the transaction on hold until these documents were provided. MoneyGram said that the recipient had provided some documents, but it needed further information before it could release the funds. It said it didn't receive this information, so couldn't complete the transfer. But Mr G said that MoneyGram never came back to him to tell him it couldn't complete the transfer. He said he had to keep chasing to find out what was happening and never received an explanation.

MoneyGram said it had briefly released the hold on the funds in February. It said that it sent Mr G an email at the time, telling him that the recipient would be able to collect the funds within a limited window of time. It said that the funds weren't collected in the timeframe given, so the transfer was put on hold again. But Mr G said he didn't receive the email and didn't know about this.

MoneyGram processed a full refund to Mr G on 24 May, the same day it responded to our Investigator.

I issued a provisional decision on 13 November, indicating my intention to uphold this complaint and award Mr G compensation of £250. MoneyGram didn't respond to the provisional decision. Mr G did respond and asked me to reconsider the amount of compensation. He says that his treatment by MoneyGram was deliberate. He says it's very unlikely that managers within MoneyGram were oblivious to his calls, emails and complaints or those from the recipient. He says it's not true that MoneyGram released the money for a short period of time. And he feels that MoneyGram treated him and the recipient with a lack of compassion or humanity. He asked me to consider awarding compensation of up to £750.

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've taken account of Mr G's latest comments and thought about everything again. I'm sorry to disappoint him, but I haven't changed my mind about what I think is a fair outcome to this complaint. My reasons are set out below.

I find that MoneyGram accepted Mr G's transfer and agreed to make the funds available to the recipient within minutes. MoneyGram's terms and conditions say that recipients will be asked to identify themselves so that they can collect the funds and that identification requirements vary by country. So, I find that MoneyGram didn't have to release the funds to the recipient until it had received satisfactory identification documents from her.

MoneyGram has extensive regulatory and compliance duties, including due diligence obligations. It is required to have systems and processes in place to comply with these obligations, but it has some discretion as to exactly what these are. I think it's reasonable for MoneyGram to view each transaction on a case-by-case basis, and the verification requirements are likely to vary from case to case. I think it was reasonable for MoneyGram to seek additional verification from the recipient here. But I don't think the way it handled the situation was fair. I'll explain why.

I've seen a statement from the recipient detailing her contact with MoneyGram, as well as various emails between the recipient and MoneyGram. She says she spoke to the customer service team over the phone on the day she first visited the branch. She says she was told she would have to wait two working days for someone to contact her. In another call the same day, she says she was told it would take at least two working days for any documentation she submitted to be reviewed. The recipient provided documents to MoneyGram by email the following day but says she didn't hear anything. So, after five days, she called the customer service team again. She says she was asked for further information, but she only found this out because she had called MoneyGram: it hadn't contacted her to let her know.

The recipient provided the additional information by email the same day. Three days later, MoneyGram asked for proof of her address. She responded that night saying that she had already sent all the documents she had to MoneyGram and didn't know what else she could provide. She provided a copy of her passport at the same time. She says she didn't hear anything, so called MoneyGram three days later. She says she discussed the documents with MoneyGram and was told she would just have to wait for an answer.

In the meantime, Mr G had been contacting MoneyGram as well. He has provided a recording of a call he made on 6 February, in which MoneyGram's agent said the case would be resolved within two days - it wasn't.

I don't think it was reasonable for MoneyGram to take so long to review the recipient's documentation or contact her, particularly as Mr G had selected (and MoneyGram had agreed to provide) the "*10 Minute Service*". At no point was Mr G told that MoneyGram wouldn't be able to fulfil this, nor was he given a new timescale for the transaction. When he was told over the phone that the issue would be resolved within two days, that deadline wasn't met either.

It was reasonable for MoneyGram to request identification documents from the recipient, but I think it should have made clear at the outset exactly what information it needed. I don't think it did. I understand that the recipient didn't have the proof of residency documents which MoneyGram required, so the transaction couldn't be completed. I think it was reasonable that MoneyGram required these documents. But I don't think it was fair that it didn't tell Mr G this was the outcome or that the transaction couldn't be fulfilled. I haven't seen anything to indicate that MoneyGram contacted Mr G about this. In the call I've heard,

it wouldn't discuss its requirements with him. This created distress and uncertainty for Mr G.

Mr G raised a complaint in early February. MoneyGram says it responded on 17 February, but Mr G says he didn't receive the response and only saw it for the first time when our Investigator sent him a copy. MoneyGram says the final response letter was sent to Mr G by email but, from the information I've seen, I can't safely conclude that it was sent to him.

MoneyGram says it released the hold on the funds for a limited time to allow the recipient to collect them. The final response letter says that the funds have been made available and asks Mr G to let the recipient know that she must collect the money within 71 hours. But Mr G didn't receive the letter, so couldn't have let the recipient know.

However, the recipient says that she called MoneyGram herself on 16 February and was told that the money was available to collect. She says she went to the branch that day but, when she got there, the branch staff said there was still an error. She says she was told to wait there for 15 minutes, but the branch still didn't release the money and the store then closed for the day. The recipient says that the branch staff called her on 18 February and said their system was still showing an error and they couldn't release the funds. This was within the 71-hour window, so I find that the funds should have been available for collection.

I haven't seen anything to explain why they weren't, so this appears to be a mistake by MoneyGram. It told this service that the funds weren't collected within the timeframe, so the transfer was placed back on hold. But I'm satisfied that the recipient did attempt to collect the funds within the timeframe. So, they should have been released.

But the funds weren't released to the recipient or returned to Mr G. They were refunded on 24 May, but that was only because the complaint had been referred to this service. I don't think it was reasonable that MoneyGram didn't contact Mr G about the failed transfer or return the funds to him before he came to this service.

Mr G says that MoneyGram isn't being truthful when it says it made the funds available briefly. He says that approach doesn't make sense anyway because either MoneyGram wasn't satisfied with the recipient's documents and couldn't release the funds or, if it was satisfied, it didn't need to put a time limit on the funds being available. I can understand Mr G's point of view. But MoneyGram has confirmed to this service that it made the decision to release the funds briefly and it has produced evidence of a letter confirming this (although, as I've said, I can't conclude that the letter was sent to Mr G at the time).

In reality, the funds weren't made available within the designated timeframe because the branch wouldn't release them to the recipient. I understand Mr G's strength of feeling about this. But I haven't seen anything which makes me think this was anything more than a mistake or lack of communication within MoneyGram. From what I've seen, I can't conclude that MoneyGram deliberately withheld the funds when it had offered to release them or that it has latterly fabricated a story about the funds being available for a limited time.

In summary, I think it was reasonable for MoneyGram to place the transfer on hold while it carried out checks. I wouldn't expect it to release the funds until it received satisfactory documentation from the recipient. But I think MoneyGram made mistakes in the way it handled the situation and these had a negative impact on Mr G.

Mr G suggests that the problems weren't caused by mistakes but, rather, were deliberate acts by MoneyGram. From what I've seen, I can't conclude that's the case. I think it's more likely that a combination of mistakes and poor customer service caused the issues here.

Mr G has commented again on the recipient's situation and the need for MoneyGram to have resolved the issue quickly. But Mr G is the complainant here and we can't award compensation to third parties. So, although it's clear that the recipient was most affected by this situation, we can only award compensation to Mr G himself for way he was affected.

He has described how distressing this situation was for him: he had tried to help a family member who needed funds urgently but was unable to do anything or explain the delays once he had paid the money to MoneyGram. He contacted MoneyGram himself but didn't get answers. He says the recipient called him in tears which was very distressing for him. He has suffered embarrassment and says his reputation as a reliable person has been tainted in the eyes of his family because he wasn't able to help a relative. It was obvious in the call I've listened to that Mr G was finding the situation distressing. He was also without his funds for around four months and had to bring the complaint to this service in order to find out what had happened and receive a refund.

Putting things right

I still think £250 is a fair amount of compensation for the way this situation impacted Mr G. I'm sorry to disappoint him, but I don't think MoneyGram's treatment of him was deliberate and I don't think the impact of its mistakes was so severe as to warrant compensation within the higher parameters he has suggested.

My final decision

For the reasons above, I uphold this complaint. MoneyGram International Limited should pay compensation of £250 to Mr G.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 1 January 2024.

Katy Kidd
Ombudsman