

The complaint

Mr K says Western Union International Bank GmbH (“Western Union”), didn’t do enough to help when he fell victim to a an ‘authorised push payment’ (“APP”) romance scam. He says Western Union should reimburse the money he lost.

What happened

As both parties are familiar with the circumstances of this complaint, I’ve summarised them briefly below.

Mr K fell victim to a romance scam and was sadly duped into making payments to a scammer whom he thought he was helping.

Mr K made the following transfers through Western Union:

Date	Transaction	Amount
30/10/2021	Money transfer out	£100
02/11/2021	Money transfer out	£50
08/11/2021	Money transfer out	£50
11/11/2021	Money transfer out	£50
22/12/2021	Money transfer out	£80
22/12/2021	Money transfer out	£50
22/12/2021	Money transfer out	£50
	Total	£430

Mr K, after realising he had been scammed, reported the matter to Western Union. Western Union didn’t consider it was liable for the losses Mr K incurred and it couldn’t recover any of the funds as they had already been collected by the beneficiaries.

Unhappy, Mr K brought his complaint to our service. Our Investigator reviewed the matter and didn’t recommend the complaint be upheld. They didn’t consider the transfers Mr K made were remarkable and wouldn’t have put Western Union on notice that Mr K may be at risk of financial harm. So they didn’t think it needed to intervene and therefore didn’t consider it could have prevented his loss and weren’t liable to reimburse Mr K. And as the funds had already been collected there was nothing further Western Union could do to help Mr K.

Mr K disagreed, and as the matter hasn’t been resolved, it’s been passed to me to decide.

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 deciding what’s fair and reasonable in all the circumstances of a complaint, I’m required to take into account relevant: law and regulations; regulators’ rules, guidance and standards; codes of practice; and, where appropriate, what I consider to have been good industry practice at the time.

First, I would like to clarify that this decision focuses on the actions of Western Union in relation to the payments Mr K made. Mr K has other complaints with our service about other money transfer service providers which are being dealt with under separate complaint references.

Second, I'm aware that I've summarised this complaint and the responses briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this. Instead, I've focussed on what I think is the heart of the matter here – which is to determine whether Western Union should have done more to prevent Mr K's losses. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point or argument to be able to reach what I think is the right outcome. Our rules allow me to do this. This simply reflects the informal nature of our service as an alternative to the courts.

I do appreciate Mr K, across the payments he made from Western Union and other payment service providers, lost a lot of money. But I have to assess the actions of the individual firm in question.

I'm sorry to disappoint Mr K but I'm not upholding his complaint. I know he's been the victim of a cruel romance scam but I don't believe Western Union has acted unfairly or unreasonably in its answering of the complaint. I'll explain why.

In broad terms, the starting position at law is that a money transfer / payment service provider (in this case, Western Union) is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the terms and conditions.

It is the case that Mr K authorised the payments in dispute and that's accepted by all parties. And under the Payment Service Regulations 2017 (which are the relevant regulations in place here) that means Mr K is responsible for the payments. That remains the case even though Mr K was the unfortunate victim of a romance scam.

There are times when, dependent on the payment that I might expect a payment service provider to question a transaction or payment, even though it may have been properly authorised. Broadly speaking, firms (like Western Union) have certain obligations to protect customers from fraud.

So in this case, I need to decide whether Western Union acted fairly and reasonably in its dealings with Mr K when he made the payments, or whether it should have done more than it did.

I've thought about this carefully. And in doing so, it is important to take into consideration the purpose that customers use payment service providers such as Western Union for. The primary purpose is to send payments, often in a particular currency, abroad. Payments are typically for friends and family members and payments can range from one-off low amounts, regular amounts weekly / monthly and for one-off larger amounts.

So when Mr K used Western Union to make payments, I can't fairly say that there was anything unusual or remarkable about the payments or the amount that reasonably ought to have alerted Western Union to the possibility Mr K was potentially at risk of financial harm, where I would expect Western Union to have concerns and step in and question Mr K further about the payments.

It is also important to note that payment service providers such as Western Union aren't a bank or building society where there is an ongoing relationship between the parties which enables the monitoring of accounts in order to detect and possibly prevent the risk of financial harm when a payment is made. This can make it inherently more difficult for a business such as Western Union to identify that a customer is at risk of financial harm where there isn't a lot of historic usage.

Here, there wasn't a historic relationship between the parties and Western Union didn't have a history of payments, or account usage to refer to in determining whether the payments being made by Mr K could be classed as unusual or out of character. The only history it had was the payments Mr K made as a result of the scam. All of the payments in question were of low value so wouldn't have appeared remarkable to Western Union. And the payments were made over the course of November and December 2021. I appreciate Mr K made three payments in one day (22 December 2021) but the total of these three payments came to £180 – so not a significant amount overall and Mr K by this point had a history of sending payments to that destination country. So to my mind it wouldn't have suggested to Western Union that anything untoward was possibly going on or that Mr K was at risk of financial harm and the payments were typical of his account activity.

All things considered, I don't think there were grounds for Western Union to be suspicious Mr K may be a victim of fraud or at risk of financial harm to an extent whereby I would expect them to intervene and question Mr K about the payments. And I think the fact that Western Union didn't flag the payments as suspicious was fair and reasonable in the circumstances – given the primary reason for the use of payment service providers as I've explained.

Overall, while I appreciate Mr K has been the unfortunate victim of a cruel scam, I think Western Union's decision not to refund him in this instance was fair and reasonable in the circumstances. I say this because it followed Mr K's instructions to make the payments and I haven't seen any reason why it shouldn't have done this. Unfortunately, Western Union wasn't able to recover any of the funds Mr K sent, as they had already been collected, so there was nothing further it could do for Mr K.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 10 November 2023.

Matthew Horner

Ombudsman