

The complaint

Mr K says Remitly U.K., Ltd. ("Remitly"), didn't do enough to help when he fell victim to a an 'authorised push payment' ("APP") romance scam. He says Remitly 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 Remitly:

Date	Transaction	Amount
25/02/2023	Money transfer out	£332.33
27/02/2023	Money transfer out	£424.24
	Total	£756.57

Mr K, after realising he had been scammed, reported the matter to Remitly. Remitly 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 Remitly 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 Remitly 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 Remitly 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 Remitly 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 Remitly 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 Remitly 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, Remitly) 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 Remitly) have certain obligations to protect customers from fraud.

So in this case, I need to decide whether Remitly 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 Remitly 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 Remitly 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 Remitly to the possibility Mr K was potentially at risk of financial harm, where I would expect Remitly 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 Remitly 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 Remitly 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 Remitly 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 two payments Mr K made were of low value so wouldn't have appeared as remarkable and they were also made a couple of days apart. To my mind it wouldn't have suggested to Remitly that anything was untoward was possibly going on or that Mr K was at risk of financial harm.

All things considered, I don't think there were grounds for Remitly 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 Remitly 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 Remitly'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, Remitly 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.

Finally, I note that Remitly offered – as a gesture of goodwill – £100, as it recognised that it must have been a stressful situation for Mr K. As I don't consider Remitly are liable for Mr K's losses as I don't find it could have prevented them, it is up to Mr K to decide whether he accepts Remitly's offer of compensation. Mr K can either let Remitly know directly, or he can let our service know and our Investigator can inform Remitly on his behalf.

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