

The complaint

Miss K complains that WorldRemit Ltd did not refund a series of transactions she lost as part of a scam.

What happened

Miss K met an individual on an online dating website who I will call 'X'. After speaking with X for around a month, he began asking her for money. Miss K opened an account with WorldRemit on 22 September 2020 and began sending X payments of between £50 and £900 using her debit card. Miss K made 41 transactions over the course of a year which totalled £10,650. On 29 September 2021, she raised a fraud claim with WorldRemit as she realised she had been the victim of a scam.

WorldRemit explained that Miss K had authorised the transactions using her debit card and none of the payments triggered as unusual or out of character on their system. So, they did not uphold the complaint. Miss K referred the complaint to our service and our Investigator looked into it. They explained that as Miss K authorised the payments, she was liable for them as a starting point. And they did not think the payments were so unusual that they warranted intervention by WorldRemit, so they didn't agree that the payments should be refunded. In addition, they didn't think WorldRemit had made an error when they didn't process chargebacks for the payments.

Miss K's representative disagreed with the outcome. They felt the receiving bank destination was high risk, so these payments should have flagged as unusual. And that organisations like WorldRemit did not do enough to carry out anti-money laundering checks or make an effort to understand their customers and why they are sending funds. In addition, they felt that Miss K's vulnerabilities had not been taken into account and that WorldRemit should ask all customers when they open an account if they have any vulnerabilities.

As an informal agreement could not be reached by both parties, the case has been passed to me for a final decision.

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.

It's not in dispute that Miss K has been the victim of a cruel scam and I want to acknowledge that I understand this. What's left to determine is if WorldRemit should have done more to intervene prior to the payments being processed or to recover the funds.

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 be good industry practice at the time.

In line with the Payment Services Regulations 2017 (PSRs), Miss K isn't liable for payments

she didn't authorise, unless she failed with gross negligence or intent to comply with the terms of the account or keep her personalised security details safe. Accordingly, I've considered whether Miss K authorised the payments in question here.

Having done so, I can see that it is not in dispute that Miss K authorised the payments to X using her debit card. So, while I recognise that Miss K did not intend the funds to go to a scammer, this doesn't change the fact that she authorised them and is therefore presumed liable for the loss in the first instance.

The regulatory landscape, along with good industry practice, also sets out a requirement for account providers to protect their customers from fraud and financial harm. And this includes monitoring accounts to look out for activity that might suggest a customer was at risk of financial harm, intervening in unusual or out of character transactions and trying to prevent customers falling victims to scams. So, I've also thought about whether WorldRemit did enough to try to keep Miss K's account safe.

I've considered the account activity to determine if I think WorldRemit should reasonably have intervened prior to the payments being processed. Looking at the payments in question, the highest value of £900 is not significant enough to have appeared suspicious to WorldRemit, so I don't think this alone warranted intervention prior to them being processed. In addition, there are regular gaps between the payments, with a few occurring each month, so I don't think the pattern of spending when considered in line with the values of the payments was cause for concern at the time. Considering everything as a whole, I don't think WorldRemit missed an opportunity to intervene prior to the payments being made in order to reveal the scam.

As the payments were made with a debit card, the only recourse WorldRemit had to try and recover the funds once they were aware was by chargeback. It should be noted that the chargeback process is a voluntary scheme run by the card provider, in this case Visa. A chargeback is ordinarily for a dispute between a consumer and a merchant and for this reason, there would not be a suitable chargeback code for this situation. With this in mind, I don't think WorldRemit made an error when it did not initiate a chargeback claim in this case.

Miss K's representatives have highlighted that she was a vulnerable consumer, due to her medical issues. I've thought about this carefully but I can't see that WorldRemit were aware of her vulnerabilities. So, I don't think they could reasonably have taken them into consideration when processing the payments and dealing with the complaint.

Miss K's representative has also mentioned a number of points that are largely to do with the way in which organisation such as WorldRemit are set up to run. However, this is more suitable for the regulator of financial business, the Financial Conduct Authority. I say this because we are an alternative dispute resolution service that focuses on individual complaints between consumers and financial institutions, so I can only consider the individual merits of Miss K's complaint. Having done so in this case, I don't think WorldRemit needs to provide Miss K with a refund of the transactions in question. So I don't direct it to take any further action in relation to Miss K's complaint.

My final decision

I do not uphold Miss K's complaint against WorldRemit Ltd.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K to accept or reject my decision before 21 December 2023.

Rebecca Norris
Ombudsman