

The complaint

Mr N has complained that TransferWise Ltd failed to process a deposit he made to his account, meaning he didn't have access to these funds whilst on holiday.

What happened

Mr N has a Borderless account with TransferWise. On 2 December 2019 he attempted to deposit cash in his account. This was so he could access the funds whilst on holiday abroad from 5 December to 8 December 2019. TransferWise initially told Mr N that it couldn't accept cash deposits, although it would make an exception for him on this occasion. It asked for photo identification ('ID') and later for further information about the deposit, which Mr N provided.

Mr N raised a complaint on 6 December 2019 as he hadn't received his money – he said he'd been misled about how money could be transferred. He added that this had caused him severe distress, that he'd been unable to enjoy his holiday and that he'd had to cancel plans due to a lack of funds.

On 7 December 2019 TransferWise told Mr N it couldn't complete the transaction as it wasn't satisfied about the source of the funds. So, it arranged to refund the amount to Mr N's account. The refund was received on 10 December 2019.

TransferWise didn't agree with the complaint. It said the online process was clear about how funds could be transferred to an account. It thought it had acted fairly by offering to make an exception but ultimately it still had to follow procedures and it wasn't satisfied with the information provided about the deposit. Mr N referred his complaint to our service.

Our investigator upheld the complaint and recommended TransferWise pay Mr N £150 compensation. She thought TransferWise should've made it clear to Mr N that there wasn't a guarantee that the deposit could be processed. Had they done so, the investigator thought Mr N would've asked for a refund instead. She thought this had caused Mr N some unnecessary distress and inconvenience whilst on holiday.

Mr N didn't accept this – he thought the compensation should be much higher as it had ruined his holiday with his mother and had caused them severe distress and inconvenience. Although TransferWise didn't think it had done anything wrong it agreed to pay the compensation to settle the matter. As no agreement could be reached the complaint was passed to me to make 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.

Having done so, I'm upholding it, but I don't think TransferWise needs to pay more than £150. I'll explain why.

I should start by saying that I don't think the information on TransferWise's website about how to transfer money to the account was misleading. TransferWise has shared screenshots of the steps Mr N would've taken when setting up the transaction. This shows Mr N would've been given three options to transfer money – by credit card, debit card or by manually transferring the money from his bank account. He would've also needed to confirm he was sending money from his own bank account. By trying to deposit cash directly to TransferWise's account, I think Mr N would've understood he wasn't sending money from his own bank account. So, I don't think TransferWise is responsible for the initial mistake.

TransferWise offered, as a gesture of goodwill, to process Mr N's instructions if he was able to provide photo ID. TransferWise implied that it could proceed with the transaction if this was provided. However, further checks would've always been necessary before the transaction could be completed, so I think this ought to have been made clear to Mr N. I can see Mr N was initially hesitant to provide the information requested. So, if had it been explained to him there wasn't a guarantee the transaction would be completed, and given he needed access to this money for his holiday, I think he would've asked for a refund instead. For this reason, I think TransferWise's actions have had an impact on Mr N and so I have to decide what amount of compensation is fair in the circumstances.

In order to do this I also have to take Mr N's actions into account, as generally I would expect a customer to attempt to mitigate their circumstances. Mr N has shown us that he departed for his holiday on the evening of 5 December 2019, returning on 8 December 2019. He tells us he only had a small sum of cash on him, as he was expecting to be able to access his other funds through his Borderless account. As he didn't have access to this money throughout this time, he says he had to cancel plans to visit sights, causing a negative experience whilst away.

I've considered this carefully, but overall, I think the £150 recommended by the investigator is fair. I say this because although Mr N was relying on the funds he'd attempted to transfer, when he departed for his holiday he knew this hadn't been completed. I would expect anyone travelling abroad to ensure they had access to funds in a number of different ways, such as through bank accounts, debit cards or credit cards, should any unforeseen circumstances arise. But in Mr N's circumstances this would've been particularly important. He knew he didn't yet have access to the funds in his Borderless account and he only had a small sum in cash – any further delay with the funds would likely mean he wouldn't have had access to it at all during his short trip. Mr N had time to make alternative arrangements, so I think it would've been reasonable for him to do so to ensure he had sufficient funds for his trip – he hasn't told us he didn't have any other money at all.

Mr N has said that £150 isn't enough to compensate him and his mother. But I can only consider the impact on Mr N as only he is TransferWise's customer. He's also listed potential consequences of TransferWise's actions, such as being unable to pay for medical treatment if the need arose. But I don't think it's reasonable to take into account what might have happened – fortunately Mr N and his mother didn't require any medical treatment.

I appreciate why Mr N feels TransferWise should pay him more than £150. But I think he could've taken steps to lessen the impact of what happened here and the initial mistake was his. So, I think £150 is fair in the circumstances.

Putting things right

TransferWise Ltd should pay Mr N £150 for the distress and inconvenience caused when handling his request to process a cash deposit.

My final decision

For the reasons given above, I uphold this complaint.

TransferWise Ltd should pay Mr N £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr N to accept or reject my decision before 13 May 2020.

Hannah Wise
Ombudsman