

The complaint

D complains about TransferWise Ltd's actions when trying to recall a payment they made in error. D doesn't think TransferWise have taken reasonable steps to get their money back, which in turn has caused them financial distress.

What happened

In September 2019, D asked TransferWise to transfer around 7,000,000 JPY to a company in Japan. Due to the way the information was presented to D by their supplier, D entered incorrect information when asking TransferWise to make the payment.

TransferWise executed the payment in line with the request made by D. However due to the incorrect details being entered, the money was transferred to a third-party bank instead of the intended recipient. The destination bank matched the account details with one of their customers and credited it to the account.

Around a month later, D was contacted by a third-party individual letting them know that they had received the money in their account. D got in touch with TransferWise to explain what had happened and asked for the money to be returned so it could be sent to the correct recipient.

TransferWise's internal investigations highlighted the initial error made on the payment transfer request. TransferWise, along with their partner bank, sent several SWIFT messages to the third-party bank who received the credit in an attempt to recall it. TransferWise didn't receive a response from the third-party bank and therefore D, and the intended recipient, is still without the money.

D's solicitor contacted the third-party bank directly. They said they hadn't received any SWIFT messages from TransferWise and asked that an indemnity be raised. D asked TransferWise to raise the indemnity but TransferWise said they weren't obliged to do that. And they weren't prepared to offer this to D as a solution to the matter, as they could then be held liable for any future issues with the payment.

D complained and said because of this issue, the company was struggling financially. D brought the complaint to our service.

The investigator who reviewed the complaint didn't ask TransferWise to do anything differently. She said that TransferWise executed the payment in line with the instruction and was satisfied that they'd made reasonable efforts to get it back by sending the SWIFT messages.

D didn't agree. In summary, they said they don't think TransferWise took reasonable steps to get the money back because:

- They didn't make telephone contact with the third-party bank, and
- They sent the money to an account which didn't match the details entered. D thinks this is a breach of TransferWise's contractual abilities.

The investigator responded to D and explained that where international payments are made, SWIFT messages are the recognised method of communication. And while she wasn't aware of what D meant by the details not matching – she confirmed that the IBAN and BIC/SWIFT codes did match – and that's all the regulations require.

D responded and asked if it was the role of the service to ensure the third-party bank responded to the SWIFT messages. And they said that it's unlikely the intended recipient of the funds, and the business where the funds were actually sent could be a match because of the different countries.

As an agreement couldn't be reached, the complaint has been passed to me to review.

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 won't be upholding D's complaint. I know this will be disappointing for D so I've explained my reasons below. It's also important for me to point out that my decision only focuses on the actions of TransferWise. I'm aware D is also unhappy with the actions of the third-party company involved who is holding on to their money and not responding to the SWIFT messages sent by TransferWise. But I can't and won't comment on the actions of that company.

I've reviewed the payment instruction which D sent to TransferWise – and I'm satisfied TransferWise made the payment in line with the instruction they received. While I'm aware D made an error when sending the payment instruction to TransferWise, I can't fairly uphold D's complaint on that point.

D has raised the inaccuracies between the intended recipient – a company in Japan – and the actual recipient – a third-party account with another financial business. D has queried why the payment was allowed to be transferred with these inaccuracies. In this case, the BIC and IBAN numbers D provided acted as the unique identifiers. And TransferWise credited the money to the correct account which D had specified, using those numbers. I can't fairly hold TransferWise responsible for sending the money to an incorrect account when they acted on the instructions given to them by D. And the investigator has helpfully explained that there's no further checks which need to be carried out, such as the payee name matching, for international payments.

It's important for me to consider TransferWise's actions once they became aware the money had been sent to the incorrect account. When D raised the issue with TransferWise, around a month afterwards, TransferWise proceeded to send a SWIFT message to the destination bank without any undue delays. TransferWise then went on to send a further two messages when they hadn't received a response. I recognise that D thinks TransferWise should have done more to get in touch with the third-party bank – like make a phone call. But I can't reasonably ask TransferWise to do that.

SWIFT is an electronic messaging system used to send messages between financial organisations and therefore TransferWise have used an appropriate and recognised method of communication when trying to resolve the issue. I'm satisfied, based on the evidence I've seen, that TransferWise acted promptly in sending the first SWIFT message – and the subsequent SWIFT messages – in an attempt to recall the money which had been sent in error. I'm aware the destination bank hasn't responded to TransferWise's SWIFT messages. But that isn't the fault of TransferWise.

D has explained that their solicitors got in touch with the third-party bank and they explained they'd need an indemnity from TransferWise. But TransferWise have said they aren't willing to provide an indemnity as they could then be held liable for any future disputes with the money. I appreciate why this would be extremely frustrating for D, but I can't fairly say TransferWise have acted unreasonably by saying this. To explain, TransferWise have made a payment based on the instructions they received from D. Therefore, if TransferWise were to raise an indemnity and then the actual recipient raised a claim, TransferWise would be liable to pay that money to the recipient. I don't agree it's reasonable for D, or anybody else, to expect TransferWise to take on that liability – especially when the initial error wasn't the fault of TransferWise.

Overall, I don't doubt this is a really difficult time for D, and no doubt it is causing a lot of financial distress. But to fairly uphold this complaint I'd need to be satisfied that TransferWise have made an error or acted inappropriately. And based on the circumstances of this complaint, I don't think they have. And therefore, I won't be asking TransferWise to do anything to put things right.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask D to accept or reject my decision before 15 June 2021.

Hayley West
Ombudsman