

## **The complaint**

Mrs J complains that MoneyGram International Limited (MoneyGram) won't refund the money she lost after falling victim to an investment scam.

## **What happened**

Mrs J was the victim of a scam in which she was told she was investing in a trading platform making trades in binary options.

Mrs J sent seventeen transfers in total using MoneyGram between January 2017 and March 2017. The lowest transfer was for £240 and the largest was for £980. These were made from three different MoneyGram locations, and no two transfers were made on the same date. MoneyGram made the transfers in line with Mrs J's instructions.

Mrs J says that she stopped sending money for a while, as she had suspicions. Then when the trading platform closed, she saw this as a significant red flag. The scammer made contact again and told Mrs J they'd managed to rescue her money and she needed to make a larger payment to have the funds transferred back to her bank account. Mrs J says she learned from the FCA that such a payment would not be necessary for a bank transfer, and that this was a scam. She reported the matter to Action Fraud.

However, when MoneyGram was made aware of the scam, it could not recover the funds she'd sent, which amounted to a total of £10,720.

Left significantly out of pocket by the scam, Mrs J complained to MoneyGram. She didn't think it had done enough to protect her from the scam.

MoneyGram said that all the transfers had been correctly received and it was satisfied its agents had correctly followed the relevant procedures. It has also said that Mrs J had filled in a form which contained a prominent fraud and scam warning at the top. It said that its transfer service was intended for transfers between people who knew each other, not for the purchase of goods or services. Its transfer forms stated this in a prominent warning message. MoneyGram didn't think it was liable to refund Mrs J for the money she'd lost.

Mrs J didn't accept this and referred her complaint about MoneyGram to this service.

Our Investigator looked into what had happened but didn't think MoneyGram had been at fault. The transfers Mrs J had made wouldn't have looked different to the MoneyGram agent to the typical transfers that a MoneyGram transfer might be used for. She didn't think there was anything that MoneyGram could have done to recover the funds because they'd been collected before the scam had come to light.

Mrs J didn't agree. She thought MoneyGram should be held to the similar standards as would apply if she'd made bank transfers from her bank account. She recalled that a long time before 2017, she'd attempted to make an unconnected transfer, but that MoneyGram had blocked it and told her it was a scam. She thought it should have done the same in 2017.

The Investigator explained that the guidance and rules referred to by Mrs J were applicable to banks but didn't apply to MoneyGram – it isn't a bank. She reiterated that she didn't think the pattern of transactions would have obviously been a concern to MoneyGram given the typical usage of its service to transfer funds between two individuals in different countries.

Mrs J's case was referred to me to review afresh and reach an impartial final decision. As part of my investigations, I obtained further information from MoneyGram about the transfers in question and its procedures to reduce the incidence of frauds and scams. I cannot detail all of that information here given its commercially sensitive nature. But I can reassure Mrs J that I have thoroughly explored whether MoneyGram is somehow at fault and should bear liability for her losses either in full or in part.

I'm also conscious that I've summarised this complaint briefly, in less detail than has been provided, and in my own words. No discourtesy is intended by this and instead, I've chosen to focus on what I think is the heart of the matter here. If there's something I've not mentioned, it isn't because I've ignored it - I haven't. However, 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 and this simply reflects the informal nature of our service as a free alternative to the courts.

### **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.

I am extremely sorry to hear about what has happened to Mrs J. She was the innocent victim here, and has suffered a significant loss to a cynical scam. Rather than investing her money and earning profits, it appears the scammer has simply stolen her money. This was a cruel and criminal action. While a considerable time has passed since the scam occurred, Mrs J has detailed the impact it had on her, and I can appreciate why she believes MoneyGram should refund her the financial losses she incurred.

But despite my natural sympathy for Mrs J as the victim in this, it doesn't necessarily follow that MoneyGram is at fault or is liable for the transfers she made. The primary cause of these losses were the criminal actions of the scammer. I simply don't have the power to investigate the scammer, and I can't fairly hold MoneyGram responsible for Mrs J's loss unless I can establish that the loss followed from something MoneyGram did or didn't do in the specific circumstances.

It's important for me to note at the outset that MoneyGram isn't a bank and doesn't operate as a bank. While a customer can register with MoneyGram – meaning it stores their data and so facilitates easier transactions using a form of loyalty card – that registration does not create a depositary account (and the customer relationship with MoneyGram is therefore very different in nature to a bank account for example). That has a number of implications when considering MoneyGram's obligations in a situation such as the one here. It also means that the usage of MoneyGram by a typical customer will not be readily comparable to that of a current account held with a bank.

Crucially, most of the guidance, legislation and industry good practice that apply to payments made through a bank or building society either don't apply or have only very limited application to a money remittance service such as MoneyGram. Amongst other matters, Mrs J refers in her submissions to the BSI voluntary code of practice. But this is not something MoneyGram was required to follow. The same applies to the other guidance she quotes which is relevant for banks and building societies.

While the position has somewhat shifted in recent years, the events in question here took place around six years ago, and I must apply the expectations and requirements that were relevant then. It would not be fair and reasonable for me to use the benefit of hindsight to retroactively impose a higher standard on MoneyGram.

The events in question occurred almost five years before Mrs J's complaint to MoneyGram. So the quantity and quality of information available to me now is limited. In particular, due to the passage of time, MoneyGram says its agent no longer retains the transfer forms it says Mrs J would have completed at the time.

It is possible these would have included a question about the transfer purpose. But Mrs J does not recall the forms or being asked that question. Based on her recollections, it doesn't seem such a conversation took place. My further enquiries to MoneyGram about its processes in 2017 lead me to believe that the question about transfer purpose was only made mandatory where a transfer exceeded a specific threshold – and this did not apply to any of the transfers made by Mrs J.

So in one sense the evidence here is consistent – neither Mrs J nor MoneyGram believe that she was asked about the purpose of any of the transfers she made. Indeed, it seems most likely to me, given the limited information I can establish, that these transactions did not involve any real discussion on that subject – whether prompted by Mrs J or prompted by MoneyGram.

I suspect Mrs J would only have asked the MoneyGram agents for advice about the transfer if she'd had doubts about it herself – and that doesn't seem to have been the case. But I have gone on to consider whether, nonetheless, MoneyGram was at fault for not initiating that interaction – for not querying the purpose with Mrs J at the time of her transfers or otherwise prompting a discussion about the transfers with her.

As mentioned above, the requirements and expectations I can reasonably apply to MoneyGram at the relevant time are limited. And of course, each MoneyGram agent would, not unreasonably, have a broad expectation that the transfers they were being asked to process were legitimate in nature. The risk of using the service for transferring money to someone the sender didn't know was prominently stated at the head of the transfer form Mrs J likely must have completed at least once – even if just in the context of setting up her details with MoneyGram.

But despite this, I consider the agent should still have had in mind the possibility of the service being misused to facilitate fraud. Specifically, I consider it reasonable that MoneyGram should have queried the circumstances of a transfer where I think it ought reasonably to have become aware that there was significant risk of financial harm to one of the users of its service.

I might think that should have been apparent had any one of the transfers been for a remarkable amount (or otherwise should have caused significant concern taken on face value). Indeed, MoneyGram's procedures recognised the higher risk associated with some large value transfers. But none made by Mrs J were for a remarkable sum in themselves (reflecting perhaps the scammer's awareness of the risk thresholds applied by MoneyGram at the time).

I have therefore weighed the question of whether a fraudulent pattern ought to have been sufficiently apparent to MoneyGram (or its agents) at the time, and if so, whether this should have raised significant concerns to the extent that I could fairly and reasonably find MoneyGram at fault for not taking additional steps to protect Mrs J.

Unfortunately, whether by chance or perhaps by the design of the scammers involved, the transfers Mrs J made were separated in both time and location. The transfers were also made to more than one different recipient and for variable sums. I consider these factors made the detection of the overall pattern of transactions far more challenging.

This was the case particularly given the nature of the MoneyGram service - operating from the offices of agents for one-off transfers of funds between individuals. I find that is significantly different from the closer links that might be expected of a bank for example.

All considered, looking at the dispersion of the transfers I don't think I can fairly say this should have been identified as fraudulent in nature by any of the individual agents at the time. I don't think the broader pattern would have been apparent.

Neither do I consider MoneyGram was at fault for not identifying the pattern centrally. The transfers wouldn't necessarily have looked out of keeping with the typical transfers MoneyGram's platform is used for daily. It doesn't appear there would have been any substantive prior usage history for Mrs J, against which MoneyGram could assess whether the pattern was significantly unusual for her (in the way I might expect had this been her bank account). I simply cannot reasonably expect MoneyGram to have had the same type of relationship with its customers as a bank might with a longstanding current account holder for example.

I've carefully considered whether there might be any other reason that MoneyGram could be held responsible for Mrs J's losses to this scam. But I haven't found evidence to show there was fault on its part. When Mrs J reported the scam, MoneyGram was unable to recover any of her transfers because they had been collected by the recipients some five years prior. I don't think MoneyGram could possibly have done more in this respect.

I haven't reached this decision lightly, and I know how much the outcome matters to Mrs J. I do not underestimate how much of an impact this has had on her and continues to have. But it is simply the case that I don't find MoneyGram was responsible for what happened and the resultant losses, so I can't fairly require it to repay Mrs J.

**My final decision**

For the reasons given above, I do not uphold Mrs J's complaint about MoneyGram International Limited.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs J to accept or reject my decision before 27 July 2023.

Stephen Dickie  
**Ombudsman**