

The complaint

Ms S complains MoneyGram International Limited (“MoneyGram”) closed her account without warning nor explanation, causing her distress and inconvenience.

What happened

In February 2022, MoneyGram deactivated Ms S’ account and/or profile without any notice.

Ms S says she has had the account and used it without issue for many years. She adds that she uses MoneyGram’s account services to send money to her family, especially for critical provisions for her elderly parents.

Unhappy with what MoneyGram did, Ms S complained. In its final response, and in summary, MoneyGram said:

- It is subject to a wide range of laws and regulations globally, including various privacy, data protection and compliance rule and regulations. All transactions are subject to careful review and on-going monitoring
- To meet its compliance requirements, MoneyGram actively review transactions and may put account restrictions in place. Due to security reasons, it is not able to provide detailed information on its verification process or reopen Ms S’ online profile

Ms S referred her complaint to this service. One of our Investigator’s then looked into the complaint, and they recommended it be upheld. In summary, some of the key findings they made were:

- MoneyGram hasn’t specified which specific term it relied on when deciding to close the account. So it’s not possible to conclude MoneyGram acted in line with the terms and conditions of the account
- MoneyGram hasn’t provided enough evidence to show why it took the actions it did. So in the absence of any evidence to show why it closed Ms S’ accounts without warning, it’s not possible to say its actions were fair or reasonable
- It’s understandable MoneyGram may not want us to share sensitive information with Ms S, but unless its shares this with us, it’s not possible to say it acted fairly
- MoneyGram should reinstate or offer Ms S a new account, and pay her £250 compensation for the distress and inconvenience it has caused

Ms S accepted what our Investigator said. MoneyGram initially didn’t respond, but later said following a review, it had now decided to reinstate Ms S’ account and profile. But it did not agree to pay Ms S any compensation as recommended by our Investigator.

This complaint has now 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.

Having done so, I've decided to uphold this complaint. I'll explain why.

Financial businesses, like MoneyGram, are strictly regulated in the UK and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means they need to restrict, or in some cases go as far as closing, customers' accounts.

Given the obligations MoneyGram must follow, I'm satisfied it acted in line with these when reviewing Ms S' account with it.

MoneyGram is entitled to close an account just as a customer may close an account with it. But before it closes an account or a 'profile', it must do so in a way which complies with the terms and conditions of the account.

MoneyGram's terms say:

We may terminate or suspend the access to a Profile at any time, including without limitation, if: (a) the Sender attempts to transfer or charge funds from a credit or debit card that does not belong to the Sender; (b) the Sender's card issuer attempts to charge back a Transfer on the basis of a dispute related to a Transfer; (c) the Sender provides incorrect or false information about himself, its debit or credit card details or about a Recipient; (d) the Sender has breached these terms and conditions; (e) we determine that the Profile has been inactive for a substantial time period; or (f) we believe that a Transfer has been used for an unlawful purpose.

Ms S would like to know why MoneyGram took the actions it did. I'm aware of no obligation under which I or MoneyGram should give this information to Ms S. But MoneyGram does need to tell us what those reasons are and provide sufficient evidence to show it acted fairly and in line with its terms of account.

From the information I've been given, I'm not satisfied MoneyGram had reason enough to take the action of closing Ms S' account down in the way it did. MoneyGram has subsequently said, and after our Investigator's involvement, that upon reviewing the account again, it will re-open it. But to be clear, I haven't seen enough to be persuaded it should have been closed at all in the first place.

Ms S says she supports her family and friends financially, and most importantly, pays for medical and food costs for her elderly parents who live abroad. Ms S says that not having use of her MoneyGram account, given she's been using it for so long, has caused her severe distress and inconvenience. She's talked about having to utilise her family to find other ways of getting funds to her parents.

I can understand this matter would have distressed Ms S and caused her worry. I also note that the account wasn't reopened for around a year, which I think has compounded the inconvenience Ms S has suffered.

So after weighing everything up, I'm satisfied £250 is fair compensation for the distress, inconvenience and likely embarrassment Ms S suffered.

My final decision

I've decided to uphold this complaint. To put things right, MoneyGram International Limited should re-open Ms S' account if it hasn't already, and it should pay her £250 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 31 August 2023.

Ketan Nagla
Ombudsman