

The complaint

Ms P complains that MoneyGram International Limited has decided not to refund her for a disputed withdrawal.

What happened

Around August last year, Ms P was sent funds from a family member via MoneyGram. Initially when she tried to collect the funds, MoneyGram said it couldn't allow her to do so because the sender hadn't provided Ms P's full name. Following this, the sender made the amendment, but before Ms P could collect the funds, it was withdrawn by an unknown third-party.

Ms P contacted this service and complained to MoneyGram. The business says the withdrawal of the funds was verified because it was collected by someone with all the required information. MoneyGram says whoever collected the funds would've provided the name of the sender and recipient, the relevant reference number for the payment and photo I.D. MoneyGram says its agent can only search for transactions using the reference number and that there's no other way to do so.

The business adds that the only information it holds about the recipient is their name – so it has no idea what they look like and can only apply a reasonable evaluation when determining the legitimacy of the I.D that's provided. The business adds that it was obliged to release the funds as all the required information was provided.

One of our investigators looked into what happened and decided that MoneyGram had acted unfairly. MoneyGram shared a copy of the passport that was used to collect the funds and the investigator concluded that the business should've done more to verify whether the passport was genuine – given the one used wasn't Ms P's actual passport nor did it contain her correct details.

The investigator added that Ms P was unable to collect the funds on her first visit and that they felt the passport MoneyGram relied on appeared to be doctored – so the business should've been more diligent. Moreover, the sender provided MoneyGram with a copy of Ms P's passport to assist in amending her name, so the investigator decided that the business should've relied on this when conducting its checks.

MoneyGram doesn't agree. It says it only had Ms P's name on record and not a copy of her genuine passport. MoneyGram says that if the I.D appears genuine and matches the name on its system, and the other information provided is accurate – then it is obliged to release the funds. Because the business didn't agree, the complaint has been passed to me for a final say on the matter.

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'm upholding this complaint and I'll explain why.

I understand why MoneyGram decided not to release the funds to Ms P the first time she attempted to do so. The sender had only included Ms P's initial and surname, rather than her name in full. So I think MoneyGram acted reasonably when exercising caution before releasing the funds.

It's unclear how a third-party obtained information about the transaction. The information I've seen doesn't shed any light on how such details could've been compromised. I'm satisfied from what I've seen that Ms P hasn't done anything to compromise information that would identify the transaction.

I agree that MoneyGram failed to carry out appropriate checks to ensure the person it released the funds to was the genuine recipient. MoneyGram sent us a copy of the passport used to withdraw the funds. This is clearly not Ms P's passport. The passport uses her name, but all the other information is inaccurate. I appreciate that MoneyGram only had access to Ms P's name, and I accept that it may not have kept a copy of her passport on its system when the sender sent it via a MoneyGram agent – given it was only provided to amend Ms P's name.

However, having seen the information provided by the sender about the transaction, I can see it quite clearly sets out Ms P's title as 'Miss'. The individual that seemingly collected the funds and appears to have used their own passport to impersonate Ms P is clearly a male. I think it's quite poor on MoneyGram's part that it was unable to identify an unauthentic passport.

As I mentioned, all aspects of the passport used (other than the name) were different to Ms P's genuine information. MoneyGram argues that it holds no other information other than the recipient's name – so it would've been unaware of what Ms P looks like. It's not within my remit to tell MoneyGram what procedures it should implement. But where its procedures do not appropriately protect its customers, I can reach a finding on whether the consumer was treated fairly. In Ms P's case, I find that for MoneyGram to have allowed a withdrawal based on a completely different passport was unfair.

Moreover, Ms P's initial attempt at withdrawing the funds was made at a MoneyGram location based in London. She also returned to this location a few days later to withdraw the funds after her name had been amended on the recipient information. The funds were withdrawn by the third-party via a MoneyGram agent based in Sheffield. I think MoneyGram should've picked up on the fact that the withdrawal was being made at a location that's in a different region of England and several hundred miles away from where Ms P's initial withdrawal attempt was made. Had MoneyGram exercised more caution and looked into why this was the case, I think it's likely the business would've noticed something about the withdrawal request was untoward.

In my opinion, MoneyGram failed to carry out adequate checks to prevent an unauthorised party from withdrawing funds intended for Ms P. So I find that it should refund the money to her. Ms P says the funds were for a specific purpose and that the sender was able to make another payment to her within a few days. So I don't consider Ms P to have been out of pocket – therefore, I don't find it reasonable for MoneyGram to include interest when making the refund.

Ms P says her husband had been experiencing health issues at the time and he was in hospital. Ms P was also caring for him. Understandably, this would've been a difficult time for Ms P. MoneyGram's failing would've only added further distress and inconvenience to Ms P, so I think the business should compensate her. I agree that £150 compensation is fair in

these circumstances.

Ms P thinks a higher compensation figure should be awarded for the distress she experienced and points to a data breach on MoneyGram's part as her justification for this. However, there's nothing I've seen that leads me to conclude that MoneyGram committed a data breach that led to Ms P's funds being withdrawn by an unauthorised party. Moreover, I can see that the sender provided Ms P with the funds again a few days following the unauthorised withdrawal, so it seems likely to me that any further distress was mitigated by this. So I'm satisfied that £150 compensation fairly reflects the level of distress Ms P experienced.

Putting things right

MoneyGram unfairly decided not to refund Ms P for the disputed withdrawal. To put things right, it should refund her the disputed amount of £4,000. MoneyGram also caused Ms P unnecessary distress and inconvenience, so it should pay her £150 compensation.

My final decision

For the reasons above, I'm upholding this complaint. MoneyGram International Limited should settle this complaint as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 5 January 2024.

Abdul Ali
Ombudsman