

The complaint

Mr I complains that Western Union Payment Services GB Limited (“Western Union”) paid his deposit to an unauthorised person.

What happened

Mr I sent money to his partner who I’ll refer to as J. J resides in another country which I’ll refer to as P. Mr I sent £250 through Western Union for collection by J.

The following day after he sent the payment, J went to a Western Union agency branch to collect the funds, but was told they’d already been collected.

Western Union launched an investigation and a few days later they contacted Mr I. They told him that the money had been collected on the same day he’d sent it (the day before J said she’d been to the local branch). Western Union said that the necessary details had been provided by the named recipient of the transfer (Mr I’s partner - J) including the transaction number, approximate amount to be collected and they’d also presented an official government identity document (in this case a passport). The funds had been credited to an “e-wallet”.

J said she hadn’t collected the funds and someone else must have done it. Mr I continued to request a refund and eventually made a complaint. He sent a letter written by J who explained that she hadn’t received the funds from Mr I’s transfer. Western Union’s final response to Mr I’s complaint was to continue to deny a refund based on the evidence they had showing the funds had been collected. They’d been released because the necessary information and documents had been provided.

Mr I remained unhappy with how Western Union had dealt with his claim and brought his complaint to the Financial Ombudsman Service for an independent review.

Both parties were asked to provide information about the situation and an investigator was assigned to look into the issue.

Mr I was able to say that:

- He regularly sent funds to J who lives in P.
- On 17 July 2023 he sent £250 to her through Western Union.
- J went to collect her funds on 18 July but was told they’d already been collected.
- The branch used to collect the funds was different to that normally used by J.

Western Union were able to provide details about their process and documents about the transaction, which in summary said:

- Mr I made a payment through Western Union for collection in P by his partner.

- To collect funds, the recipient must be able to produce Government Identification (such as a passport), the tracking number of the payment and details about what was sent (the amount) which were all completed in this case.
- The funds were collected by the named person (J) and paid to an “e-wallet”.

After considering the evidence, the investigator didn’t uphold Mr I’s complaint, commenting that:

- The evidence showed that the intended recipient (J) collected the payment.
- Western Union required the recipient to know the tracking number of the payment.
- The recipient’s passport was used to confirm collection.
- There was a difference in the collection points, but they were only an hour’s travel apart.

After receiving the recommendations, Mr I disagreed with them and asked for a further review of his complaint. He made further comments:

- Mr I believed Western Union staff were responsible for defrauding him and his partner.
- J lost her phone on the day of the collection.
- CCTV images would show who collected it.
- J usually uses a reward card to collect points but weren’t on this occasion.
- One of the branches referred to appeared to have closed.

As no agreement could be reached, the complaint has now been passed to me for a decision.

As part of my own investigation, I asked Western Union to provide some further details, they said:

- Mr I’s payment was an online transaction, and the collection was credited to the customer’s “e-wallet”.
- The location referred to by Mr I was an officially operating Western Union location.

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.

There’s no disagreement here that Mr I’s initial payment to Western Union was completed with his permission. So, for the purposes of this complaint the payment he made to Western Union was authorised in respect of the relevant regulations being the Payment Service Regulations 2017 (PSRs).

Western Union’s terms and conditions refer to circumstances where there’s an allegation that the payment wasn’t executed in accordance with the payers (Mr I’s) instructions. Mr I’s

complaint concerns the collection of those funds. In effect he's said that Western Union failed to deliver the service he agreed with them because his funds weren't collected by the intended recipient (J).

An extract from those terms says:

8.6. We may be liable to You where We fail to perform or incorrectly perform a Transaction that You authorise Us to perform unless it was due to Your fault. This means that in the event of a non-executed or incorrectly executed Transaction we will refund the Transaction amount to You (to the extent the Transaction was not executed or it was incorrectly executed). You are entitled to claim a refund of all fees and interest to the extent they have been charged or incurred in connection with an unexecuted or incorrectly executed Transaction.

And goes on to say (8.7)

Any liability We would otherwise owe to You under Item 8.6 is excluded if we are able to show the Transaction amount was received at the appropriate time by the payment service provider of the Receiver. In addition, for the purposes of Item 8.6, a Transaction shall be deemed to be correctly executed if we are able to show the Transaction has been executed in accordance with Transaction information You provided to Us....

Western Union have said they require their agents to only release funds when certain information has been provided by the recipient. This means that whoever collected the funds had the passport of Mr I's partner (because those details were recorded on the receipt provided by Western Union), should know the amount sent and the unique tracking number generated by Western Union when Mr I initiated the transaction in the UK.

Of course, I can't know what actually happened at the point of collection in respect of what information was passed to the agent by the recipient – so I can't be sure they knew the tracking number or could confirm the amount that was sent by Mr I. But I'm satisfied that the correct identification documents were recorded, so I think it's reasonable to say that the other aspects of Western Union's policy were also satisfied because the funds were later released.

I have considered if it's plausible for someone other than the intended recipient to collect those funds. To do so, they would have to know all the details about the payment and have access to J's passport. It just seems unlikely that someone was able to take her passport and return it without her knowledge (because she had the passport later) and to obtain the other details known only to Mr I and Western Union.

Mr I wanted cctv footage of the collection to identify the recipient. I haven't seen any evidence of this sort and I don't think that it was necessary for Western Union to ask for it (if it even existed) because I think it was reasonable for them to rely on the evidence they already provided.

Mr I also commented that he believed Western Union staff were responsible for taking those funds. There's no evidence of that and as far as I'm aware, no report was made by J concerning this. Without evidence to the contrary, I've not considered this any further.

I also noted that Mr I said his partner lost her phone on the day of the actual collection, something that wasn't mentioned until after the investigator's report was sent. He also said that his partner's reward card wasn't used for this collection. Whilst I understand his points here, the evidence of the collection provided by Western Union confirmed that the funds were "...automatically credited into the customers e-wallet".

Given that the payment was authorised by Mr I, and Western Union remitted those funds, only releasing them to the named recipient after following their process which required knowledge about the payment and access to J's passport, I think it's more likely than not that the transaction was successfully completed. It follows that I think it was both fair and reasonable for Western Union to rely on the evidence they provided concerning the receipt of the funds, so I don't think they should have to refund the payment to Mr I.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 10 May 2024.

David Perry
Ombudsman