

The complaint

Mr K complains Western Union Payment Services GB Limited (WU) paid an older pended transaction of £1,000 when he paid in £1,200 into his WU account to fund a different transaction.

What happened

Mr K explained he arranged a transaction through WU for £1,200 (total payable being £1,201.99 including the transaction fee) on 6 February 2024. Mr K paid in £1,200 to his WU account, but explained he realised he had accidentally forgotten to add the transaction fee of £1.99. He said on he contacted WU on 7 February and cancelled the transaction. Mr K said WU sent confirmation the transaction had been cancelled and he would receive a refund within the next seven days.

Mr K explained he had previously arranged a transaction with WU for £1,000 (£1,001.99 including transaction fee) in late January 2024, but he had not transferred in funds to complete this transaction. Mr K said WU used the funds from the second transaction to complete this first transaction Mr K had arranged, without his agreement. Mr K has said this should not have happened and said he not given authority for WU to fund this previously arranged transaction with the funds meant for the second transaction.

WU confirmed Mr K had organised the payment of £1,001.99 on 23 January 2024. WU explained this payment was to a new payee and described the process Mr K followed when he set this transaction up. WU said Mr K entered the banking details for this new payee before entering and conforming the sum of money he wanted to transfer. WU stated Mr K agreed to the terms and conditions before the transfer summary was shown and Mr K confirmed the payment after this. WU said as the payment was not funded at the time, it was pended awaiting payment with an expiry date of 6 February 2024.

WU has provided evidence it sent reminder emails to Mr K several times to his registered email address after 23 January. These emails show this first transaction had been pending and he needed to transfer funds into his WU account to complete it. It gave details of the payee, the amount and the expiry date of 6 February 2024

WU explained Mr K then arranged a further payment on 6 February 2024 for 1,201.99. WU confirmed it sent confirmation to Mr K he would need to transfer in 1,201.99 to make this payment. However, WU confirmed Mr K made a payment of £1,200 into his WU account on 6 February, which not enough to fund this second payment as he had forgotten to add the transaction fee. WU explained as it was not able to match the exact transfer-in amount to a payment amount and, as both payments were still pending when these funds arrived, it matched the funds against the first pending payment which it could pay from this sum, as it was for less than the funds transferred in.

WU explained it later inadvertently cancelled the second pended payment and refunded Mr K the outstanding balance of £198.01. WU further offered a good will gesture of £150 due to the delays and inconvenience caused.

Our investigator didn't think WU had done anything wrong. He explained Mr K had authorised both payment and should have cancelled the first one before paying funds in if he did not want this payment to be made.

Mr K disagreed with our investigation recommendation explaining he had been told by WU's customer care team the transaction was fraud and told him the full £1,200 would be refunded in seven days, which didn't happen. Mr K argued that the £1,000 payment '*was on hold*' and WU's policy is unless the exact amount for the transfer is made, the payment is returned.

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.

The relevant regulations here are the Payment Services Regulations 2017 (PSRs). In general terms, the business is liable if the customer didn't authorise the payments, and the customer is liable if they did authorise them. I appreciate this complaint here is regarding the process behind how transactions are pended and then paid and I will address this in due course. But the first issue for me to determine is whether Mr K authorised the transaction.

In the circumstances, the evidence provided by both parties suggest the £1,001.99 transaction was authorised by Mr K. Mr K has agreed he set up this transaction and the evidence I have seen shows clearly Mr K used his registered device to set up and authorise this transaction.

This issue Mr K is complaining about is whether the transaction should have been made in the circumstances he has described, despite his agreed authorisation of this transaction. The rest of this decision will explore whether it was reasonable to expect WU not to have made this payment, from the undisputed starting point that Mr K had set up and authorised this payment.

Firstly, I appreciate Mr K has said in his emails he believes this is fraud, however, as I have explained above, the evidence I have seen suggests Mr K set up the payee and went through the correct process to authorise the transaction. I therefore do not think on balance this could be considered as fraud, as the funds apparently went to a payee Mr K had set up only a matter of days before. WU have provided details of the process he followed to do this.

Mr K has said he didn't receive the reminders about the £1,001.99 pended transaction but has also said they may have gone into his junk email. WU have provided our service with a screen shot of one of the reminders it sent as an example. This shows an email sent to Mr K's registered email address on 25 January 2024 at 5.22am. It clearly says, '*pay for your money transfer [ref number] by 06/02/24 to avoid cancellation*'. The rest of the email details the amount required (£1,001.99) and the payees sort code and account number.

When Mr K transferred funds into his WU account on 6 February, the evidence shows he had two live pended transactions awaiting funds. The evidence I have seen shows WU had reminded Mr K about this pended transaction several times and provided a date for when it would expire.

I appreciate Mr K thinks that WU should not have used the funds from his £1,200 transfer for this transaction, but having carefully considered the evidence, I can not see how WU could reasonably have been expected to have known this and I do not find it unreasonable or unfair that WU used these funds to fund an authorised pended transaction.

Had Mr K correctly funded the second pended transaction, it is possible it would have been made without issue as the funds would have exactly matched the transaction amount. As the funds did not match and were not enough to fund the second transaction, WU decided to fund the first transaction.

Mr K has described this payment as '*on hold*' but there is no evidence he had explained this to WU. The evidence also suggests Mr K did not cancel this transaction. I therefore do not see how WU were to reasonably know this payment was not to be made when funds came

into the account, I have not seen any evidence Mr K did anything which could infer he did not want WU to make this first payment.

Mr K has mentioned in his response to the investigators recommendation that we should consider WU Terms and conditions, I would draw Mr K's attention to the following *'11.1. You have the right to rescind a money transfer within 14 days from initiating the Transaction. The rescission must be declared to Us expressly by notice in writing sent by e-mail or by post, to the address in Item 5 above. However, this right of rescission does not apply if We have already paid out the funds to the Receiver before We received Your notice of rescission. When exercising Your right of rescission prior to Our having paid out the funds to the Receiver, We will refund the amount of the transfer to You and do not charge any fees. [sic]'*

Having considered the evidence, I agree with our investigator that WU has not done anything significantly wrong in terms of the transaction for £1,001.99. As Mr K authorised this transfer and did not comply with WU's terms and conditions to cancel it, I cannot reasonably find it did anything significantly wrong when it paid this transaction.

I note that WU incorrectly said it would provide a refund of £1,200 within seven days in an email to Mr K on 7 February. I appreciate WU have already offered a goodwill gesture of £150 for the inconvenience and delays caused by this and the further problems highlighted above. I think this is a fair offer for the issues described.

I appreciate Mr K will be disappointed with my decision, but I hope I have explained the reason for my decision clearly.

My final decision

For the reasons I have given, I do not uphold Mr K's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 29 October 2024.

Gareth Jones
Ombudsman