

The complaint

Ms E complains that Western Union Payment Services GB Limited (“Western Union”) paid out unusable bank notes to the recipient of her money transfer.

What happened

Ms E used Western Union to transfer funds to a third party overseas. The recipient collected the funds as cash in US Dollars from Western Union’s local agent. Ms E says she made multiple transfers to the same recipient without issue. But she says there was a problem with several transfers in the period between December 2023 and March 2025: a significant proportion of the bank notes provided to the recipient were damaged or outdated. Ms E says that the recipient’s bank refused to accept these notes when they tried to deposit them.

In March 2025, Ms E raised a complaint with Western Union. She asked it to either replace the damaged currency with valid bank notes or provide a full refund. Western Union said that the paying agent had replaced notes to the value of \$4,000 as a gesture of goodwill. But it said it couldn’t replace any more notes. It said that, when a significant amount of time has passed after funds have been collected, it can be difficult to verify the condition of the bank notes as at the time of payout. Here, the funds were collected at different points between December 2023 and March 2025, but the issue wasn’t raised until March 2025.

Western Union said it appeared the cash had been collected and stored over a period of time. As such, it said it couldn’t confirm whether the damage to the notes occurred during its payout process or afterwards, due to handling or storage by the recipient. It said that the responsibility for the condition of the currency transferred to the customer once the funds had been handed over and accepted by the recipient. Western Union also said that there was no problem with outdated bank notes in the recipient’s location and they would be able to exchange or deposit them into their account as usual.

Ms E wasn’t happy with this response and asked this service to look at the complaint. She said that many banks in the recipient’s location do not accept damaged or outdated bank notes and that notes to the value of \$3,645 had been rejected by the recipient’s bank. Ms E said that, in effect, these funds had been lost. She said that Western Union should refund this amount and compensate her for the inconvenience and losses she has suffered.

Our Investigator didn’t think Western Union needed to do anything. But Ms E didn’t agree and asked for the complaint to be reviewed by an Ombudsman.

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.

Ms E says that some of the bank notes in question were damaged, others were outdated and no longer accepted by the bank. My understanding is that all designs of Federal Reserve bank notes remain legal tender, regardless of when they were issued. So, I think the old notes are still valid for payments.

But I understand that some countries (or businesses within those countries) may have different acceptance policies for foreign currencies. So, older notes may not be accepted by the recipient's bank. However, the email which Ms E has provided from the bank doesn't say it won't accept old notes, only that it won't accept foreign currency if it is written on, cut or damaged. From the information provided to me, I can't determine how much of the \$3,645 was rejected because the notes were damaged and how much was rejected because the notes were older issue notes.

In any event, I haven't seen any evidence that the notes can't be used elsewhere, for example deposited at another bank, used as cash or converted to another currency. So, I can't conclude that the notes are worthless. Therefore, I can't conclude that Ms E has suffered a financial loss at this point.

I don't doubt that the situation is very inconvenient. But I can't safely conclude that this is Western Union's fault. Ms E says that the recipient didn't attempt to deposit the funds with their bank until February 2025. This is quite some time after most of the transfers took place.

If the recipient had tried to pay the money into their account soon after the first transfer in December 2023, it's likely the issue would have come to light then. It's possible that Western Union may have been able to help at the time. And Ms E could have taken steps to avoid problems with the subsequent transfers, thereby mitigating any loss, inconvenience and distress. I don't think it's Western Union's fault that the issue didn't come to light earlier or that the recipient now has a large number of notes which they can't deposit with their bank. I don't think it would be reasonable to ask Western Union to replace those notes now.

Western Union's agent did replace notes worth \$4,000 as a gesture of goodwill. It also offered to convert notes into the recipient's local currency, which I think was a reasonable solution. I'm sorry to disappoint Ms E, but I don't think Western Union needs to do anything else here, so I'm not going to uphold the complaint.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms E to accept or reject my decision before 15 July 2025.

Katy Kidd
Ombudsman