

The complaint

Mr B complains that Transfergo Ltd won't refund him the money he lost in two investment scams.

What happened

The circumstances surrounding this complaint are well known to both parties, so I haven't repeated them here. Instead, I've summarised what I consider to be the main points.

Mr B made two separate investments in overseas companies over a period of around seven months, each for £5,000. Mr B made the two international transfer payments through Transfergo to fund these investments, the first on 26 December 2018 and the second on 18 July 2019. The first investment was in an agricultural venture. The second payment was a loan, which was to be repaid after three years, along with interest of 11%. When the loan wasn't repaid, Mr B started to realise he might have been scammed and he has since been unable to recover any money from either investment.

Mr B raised a complaint with Transfergo on 12 June 2024. He says these were two large payments, being sent to a high-risk destination and to a complex investment with unrealistic returns. He considers Transfergo ought to have paused the payments and asked him questions about them. He says Transfergo may have failed to conduct due diligence of the payees' operations and legitimacy. In particular, Mr B says these payments should have flagged with Transfergo because the companies he was paying were 'Special Interest Entities', that is companies which had been flagged as being high-risk due to suspected money laundering or other suspicious or criminal activity. He thought Transfergo had failed to follow relevant anti-money laundering rules.

Transfergo didn't uphold Mr B's complaint and it didn't refund him. It says the payments didn't raise any concerns and weren't flagged by its systems. It was for Mr B to satisfy himself that the investment was legitimate and to carry out any research before making the payments. It says the payee details were checked for both payments. The details were screened through its automated systems, and no money laundering or sanctions alerts were triggered. Transfergo says it didn't attempt to recover the payments given the length of time between the payments being made and a scam being reported. It didn't think there was any prospect of being able to recover Mr B's money.

Our investigator didn't uphold Mr B's complaint. He didn't think the payments had been sufficiently unusual that Transfergo should have intervened. In any event, he noted that Transfergo provided a general warning to Mr B when making the payments. He didn't think a general warning would have raised any concerns with Mr B because he had already taken some of the steps that might have been covered by such warnings, for example he had researched the investment before proceeding and was using the correct payee details to make the payments. He wasn't persuaded Transfergo had breached any anti-money laundering rules.

Mr B doesn't agree with the investigator's assessment. He maintains that Transfergo should have intervened and prevented the payments. He says he had decisive evidence that

Transfergo should have blocked the transactions. In particular, he refers to some websites that offer checking services, allowing customers to check whether payees are on sanctions lists, or have otherwise been associated with suspicious activity. He says the companies he made the payments to, or companies linked to them, had been flagged by professionals as Special Interest Entities and that meant Transfergo should have been aware the payments were suspicious and shouldn't have allowed the payments to proceed.

As Mr B didn't agree with the investigator's assessment, his complaint has been passed to me for an ombudsman's decision.

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 was sorry to read about the circumstances surrounding this scam and the impact it has had on Mr B, which has been greater than the significant financial loss. I understand that scams such as this are distressing and can have additional consequences, as has happened here. But despite my natural sympathy for Mr B, having considered the circumstances carefully, I'm not upholding his complaint. I'll explain why.

In broad terms, the starting position is that a firm is expected to process payments and withdrawals that its customer authorises, in accordance with the Payment Services Regulations and the terms and conditions of the customer's account. And in this case, it's accepted by all parties that Mr B authorised the payments and Transfergo made the payments in accordance with Mr B's instructions.

But the matter doesn't end there. Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, I think Transfergo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances.

Having considered all the circumstances of this complaint, while Transfergo could have intervened further than it did, I'm not persuaded that a proportionate intervention would have made a difference in the circumstances of Mr B's complaint.

Transfergo says it presented Mr B with multiple on-screen warnings throughout the payment process and these required confirmation from Mr B before he could proceed. It says it asked Mr B whether he knew and trusted the payee when he set up the payees and it says it asked him about the payment purpose on both occasions. There is little evidence of any other warnings having been given. Transfergo also says Mr B didn't specify the purpose of the payment but was able to proceed with the payments anyway, while Mr B says he correctly completed the payment purpose screen and added 'investment' and 'loan' respectively. Either way, no further warnings are mentioned.

There are arguments for and against Transfergo intervening in both payments. For example, the first payment was a significant payment to an overseas company, made on the same day Mr B registered with Transfergo. On the other hand, Mr B didn't hold an account with Transfergo where he kept money. It provides a payment service he registered with on the same day he made the first payment, 26 December 2018, and registering in order to make a payment promptly wouldn't be that unusual. The point of using that service seems to have been to make a one-off international payment, or occasional payment and the type of payment Transfergo might expect its customers to make isn't necessarily the same as a bank might see day-to-day on a typical current account. Transfergo says he only made two payments through its service, and they are the payments in question. So, there wasn't any

payment history it could use to determine whether the payments were out of character for Mr B and these two payments, made many months apart, wouldn't have appeared as part of a suspicious pattern of transactions.

In any event, even if I considered Transfergo should have intervened, I consider a proportionate intervention from Transfergo would have been for it to have given Mr B a written warning outlining general scam risks, considering such factors as when the payment was made, the payment destination, the size and frequency of the payments. I say this because while each transaction was a payment for a significant amount to an overseas payee, I don't consider there were other clear risk factors that warranted a greater level of intervention.

Like the investigator, I don't consider it's likely that a general warning about scam risks would have resonated with Mr B. For example, such a warning might have told Mr B to watch out for someone claiming to be from the Government, a bank or family member and asking him to pay money urgently, amongst other things. Such a warning is unlikely to have caused Mr B to stop making the payments because the examples Transfergo might have given are unlikely to have been directly relevant to the situation he was facing.

I've considered Mr B's point that both payments should have been stopped by Transfergo because he thinks basic money laundering checks should have flagged concerns about the companies the payments were being made to. I know he considers the evidence he has provided on this point is decisive but having considered it, I don't agree. Mr B says similar scams, involving similar investments in the same country had been reported in the media in the past. He also says two companies associated with the companies he was paying, were listed on some websites that offer checking services for fraud and money laundering activities and had those companies had been associated with fraud in various news articles from 2008 onwards.

Transfergo says its automated systems screened payments routinely to identify high-risk beneficiaries, such as those on sanctions lists, and these checks didn't flag any concerns. I haven't found any information available at the time the two payments were made that indicates the two companies Mr B was paying had been identified as operating a scam or were engaged in criminal activity or were otherwise high-risk. For example, the Financial Conduct Authority website doesn't contain any information about the companies involved. I haven't seen any persuasive evidence to persuade me Transfergo failed to conduct any checks it was required to carry out. There are many services available which offer to provide checks on companies, and this might include checking sanctions lists or checking for adverse media, for example. Even if one of the companies Mr B was paying was mentioned on one such checking service (or a company linked to it), it might not be mentioned on another and this doesn't necessarily indicate Transfergo failed to make the checks that were required of it to counter money laundering. While there might have been some negative information available about companies linked to the companies Mr B was paying, I don't consider it likely that connection would have been apparent or would have been flagged through money laundering checks at the time the payments were made.

Overall, while I am sorry to disappoint Mr B, for the reasons given above, I'm not persuaded Transfergo should have intervened further or that there is sufficient evidence it was at fault.

In terms of recovering Mr B's money, I consider it is highly unlikely that any funds would have been available for recovery given that it had been almost five years since the last payment, when Mr B had first reported the scam to Transfergo. On that basis, I don't think Transfergo was at fault for not initiating recovery claims with the payees' banks.

My final decision

I don't uphold Mr B's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 6 January 2026.

Greg Barham
Ombudsman