

15. Remittance Transfer

Consumer Rights

United States consumer protection law protects individuals who send remittance transfers from the United States to recipients in another country. This section discusses the details and applicability of these protections. This section answers the following questions:

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Each Chapter is intended to provide generalized information on a particular topic. In many cases, laws may differ from state to state. Therefore, this information is not intended to replace state-specific legal assistance. Nothing in this manual is intended to create an attorney-client or fiduciary relationship.

What Remittance Transfers Are Protected?

A remittance is money sent by an individual in the United States to recipients abroad.

An individual who sends a remittance of \$15 or more is protected by certain federal disclosure requirements imposed on most businesses that provide the remittance transfer service.

Not all businesses that provide remittance transfer services are covered by the law. Only companies that provide more than 500 remittance transfers per year (“remittance transfer providers”) are required to comply with the law. Remittance transfer providers generally include money transmitter companies (such as Western Union), banks and credit unions, and many other types of financial services companies.

Remittance transfer providers that send remittances on behalf of customers are required to be regulated entities, either because they are banking organizations, or they are nonbank businesses that have state licenses as “money transmitters.” Almost all states now license and regulate non bank money transmitters. For your protection, you should use only a regulated bank or a licensed money transmitter to send your remittance. In either case, you should research the remittance transfer provider before you send any money using them.

What Protections Apply to Remittance Transfers?

Under federal law, remittance transfer providers are required to provide clear and readily understandable written disclosures of certain information concerning your remittance transfer.

Before you pay to send a remittance, the remittance transfer provider must disclose to you the following information:

- The applicable exchange rate;
- Any fees and taxes that the remittance transfer provider collects from you;
- Any fees charged by any third parties involved in the transfer process, including the remittance transfer provider’s agents or other companies involved in the transfer process;

- The total amount of money expected to be delivered (not including foreign taxes or certain fees charged to the recipient of the remittance); and
- A statement that additional foreign taxes and fees may apply.

Remittance transfer providers must also provide the following information after you pay to send the remittance:

- The date that the money will be available to the recipient;
- Instructions on your right to cancel the remittance;
- What to do in case there is an error with your remittance; and
- How to submit a complaint about your remittance.

In some cases, the remittance transfer provider may provide the above information in a single, combined disclosure. If they do so, all of the information must be provided to you before you agree to make the transfer, and the remittance transfer provider must also give you proof when the payment is made to the person you are sending the money to.

These disclosures must at least be provided in English. However, federal law also generally requires the remittance transfer provider to use your language on receipts and other disclosures if it uses your language in its advertising, sales, or marketing materials where you made the transfer, or if it made the transfer in your language.

What If You Want to Cancel Your Remittance Transfer?

After paying for a remittance, you have 30 minutes to cancel the transaction at no charge so long as your request has enough information so the remittance transfer provider can identify the transaction you want to cancel, and so long as the person to whom you sent the money hasn't received it yet.

After the request to cancel the transfer, the remittance transfer provider has three business days to refund your remittance and any fees or taxes if allowed by law.

What If There is a Problem with Your Remittance Transfer?

Federal rules also protect you if the remittance transfer provider makes a mistake. Examples of mistakes include payment of the wrong amount, failure to deliver funds on time or to the right person, and failure to deliver the funds at all.

If you think there was a mistake or error with your remittance transfer, you should immediately contact the remittance transfer provider. You have 180 days from the date the money was supposed to be available to the person to whom you sent the money to notify the provider of the error. The remittance transfer provider then has 90 days from the date of your complaint to investigate your concern and determine if an error did in fact occur. If the remittance transfer provider investigates and determines an error has not occurred, the provider must tell you why.

If the remittance transfer provider determines that a certain type of error did occur, then the remittance transfer provider must either refund your money or re-send the remittance. If you do not receive a satisfactory response from the provider, you can submit a complaint to the United States' Consumer Financial Protection Bureau (CFPB). Complaints may be submitted online at: <https://www.consumerfinance.gov/complaint/>.

What Else Should You Consider When Sending a Remittance Transfer?

Ensure that you avoid common scams and fraud

Phishing Scams: Scammers will pose as legitimate companies or government agencies and request that you send them funds.

Fake Emergency Requests: Fraudsters may impersonate your family members and ask for urgent help.

The CFPB provides resources at the following link to help you identify and prevent common scams and fraud: <https://www.consumerfinance.gov/consumer-tools/fraud/>.

Minimizing Fees and Costs

Compare Providers & Check Official Resources: Exchange rates may vary between providers, but there are tools to help you figure out whether you are getting a good deal. For example, online comparison tools like <https://www.remitfinder.com/> show you fees and rates from various services before you decide which remittance transfer provider to use. You should also review official resources published by the country you are sending money before agreeing to a price. For example, El Banco de México publishes a resource where you can find an average of price quotes from foreign exchange providers at any given time:

<https://www.banxico.org.mx/tipcamb/main.do?page=tip&idioma=en>.

Avoid Hidden Costs: Before you send a transfer, ask the remittance transfer provider if there are any additional fees, like cash pick-up charges. (Although, these should be disclosed up front).

Additional Tips for Safe and Informed Use

Double-Check Recipient Details: Errors in recipient names or account numbers can delay or cancel the transfer.

Understand Refund Policies: Ask about any refund options beyond those required by federal law before sending money.