DRN-2907331

The complaint

Mr P is unhappy that Monzo Bank Ltd couldn't recover money that he'd accidentally transferred to an incorrect recipient.

What happened

Mr P made three payments on consecutive days from his Monzo account totalling £290. Unfortunately, Mr P inputted the incorrect account number such that the money wasn't received by the intended recipient but was sent instead to an unknown third-party.

When Mr P realised what had happened, he raised the issue with Monzo, who then sought to recover the money from the bank to whom the money had been sent. However, the recipient bank advised Monzo that they were unable to return the money to them because the funds were no longer present in the recipient's bank account. Mr P wasn't happy about this, so he raised a complaint.

Monzo looked at Mr P's complaint, but they felt that they hadn't committed any form of error, and so they didn't uphold the complaint. Mr P wasn't satisfied with Monzo's response, so he referred his complaint to this service. One of our investigators looked at this complaint, but they also felt that Monzo hadn't done anything wrong, and so they also didn't uphold the complaint.

Mr P remained dissatisfied, so the matter was escalated to an ombudsman for a final 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 realise how upsetting it must have been for Mr P to have discovered that the money that he'd sent hadn't been received by the intended recipient, especially given that Mr P sent the money with the intention of paying for essential services.

Where a bank is informed that money has been sent to the wrong, what this service would expect would be that the bank would act quickly to recover the money for their account holder – if such a recovery is possible.

I can only conclude that Monzo did that here. They approached the recipient's bank on the same day that Mr P made them aware of what had happened, but Monzo were later told by the recipient's bank that the money couldn't be returned to them because it was no longer in the recipient's account.

It's difficult to see what else Monzo could have done in this situation, and while it is within the remit of this service to instruct a bank to credit a customer's account if a transaction has been sent incorrectly, such an instruction would generally only be considered if it could be demonstrated that the bank had made some form of error which had contributed to the transfer being sent to the incorrect recipient or subsequently being not recovered.

But this isn't the case in this instance, and that's because the money was sent to the wrong recipient because Mr P inputted the incorrect account number, and the money wasn't returned to Monzo because the recipient bank wouldn't return it.

I'm aware that Mr P feels that Monzo should have systems in place to verify a recipients account details before a transfer is sent, and I can confirm that Monzo do subscribe to a verification programme such as Mr P is referring to here.

However, such verification is only possible if both Monzo and the recipient bank subscribe to that system. And in this instance, the recipient bank doesn't subscribe to that system, and so account verification couldn't be provided.

Furthermore, I'm satisfied from the screenshots provided to this service by Monzo that Mr P was informed at the time that he made the transfers that account verification wasn't possible for this reason - and given that Mr P elected to go ahead with the transfers in light of this information, I wouldn't consider holding Monzo accountable for this.

Mr P has also stated that he feels that Monzo didn't meet their obligations to provide him clear and accurate information on the options that he had available to him following Monzo being unable to recover the money from the recipient bank. However, I note that Monzo did advise Mr P that they can contact the recipient bank and request the recipient's name and address, and that Mr P could then consider legal proceedings against the recipient using this information.

This is what this service would expect Monzo to have advised Mr P in these circumstances, and it's my understanding that this option remains available to Mr P should he wish to instruct Monzo to pursue it.

Finally, I note Mr P's statements about his health and that he is considered as being a vulnerable customer. While I sympathise with Mr P's position here, given that I'm satisfied that Monzo can't be considered at fault either for the money being sent to the wrong recipient or that the money couldn't be recovered from that recipient, I don't feel that I can fairly instruct Monzo to bear the cost for what has happened here by instructing Monzo to reimburse the sent money to Mr P's account in the manner that Mr P would like.

It follows from this that I won't be upholding this complaint or asking Monzo to take any further action at this time. I hope that Mr P can recover the transferred money via alternative means, and also that he will understand, given what I've explained, why I've made the final decision that I have.

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 P to accept or reject my decision before 27 August 2021.

Paul Cooper
Ombudsman