

## **The complaint**

Mr M complains about how London Community Credit Union Limited (LCCU) dealt with a transfer of funds into his account from overseas.

## **What happened**

Mr M holds an account with LCCU. On 15 June 2020 Mr M's relative transferred £165 from an overseas account to Mr M's account. When this sum didn't arrive in Mr M's account his relative transferred a further £115. The second transfer was made on 22 June 2020. But this sum didn't credit Mr M's account either.

Mr M contacted LCCU to query the whereabouts of the money that had been transferred. However, it said it couldn't locate the funds. So, Mr M complained. He said he was suffering financial hardship as a result of the money not reaching his account; he wanted LCCU to resolve his complaint by finding the money and crediting it to his account.

By mid-July 2020, LCCU still hadn't located the missing money. So, Mr M referred his complaint to our service where it was considered by our investigator. Following our investigator's request for LCCU's business file, it credited Mr M's account with the missing funds. But this didn't take place until February 2021.

Our investigator recommended upholding Mr M's complaint. They didn't think 8 months was a reasonable period of time for Mr M to have to wait for the money to credit his account. And they thought LCCU should resolve this complaint by paying Mr M 8% interest per annum on the funds that had credited his account and £200 compensation to reflect the distress and inconvenience he'd experienced as a result of the delay.

LCCU didn't respond to our investigator's view of this complaint. And Mr M didn't respond either. So, I've been asked to decide on how this complaint should be resolved.

## **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'm sorry to hear about the difficulties Mr M experienced here. I can see how strongly he feels about his complaint and I appreciate the reason why he's brought it to our service.

I've read and considered all the information provided by Mr M and LCCU, but I'll concentrate my decision on what I think is relevant to decide the complaint. If I don't comment on any specific point it's not because I've failed to take it on board and think about it, but because I don't think I need to comment on it in order to reach what I think is the right outcome.

Where the evidence is incomplete, inconclusive or contradictory (as some of it is here), I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

My role is to assess whether I think LCCU made a mistake, or treated Mr M unfairly, such that it needs to now put things right. And, having thought carefully about everything he and LCCU have said, I've reached the same conclusions as our investigator. I'll explain why.

Mr M was expecting £165 to credit his account shortly after it was transferred by an overseas family member on 15 June 2020. He's told our service he needed that money to pay his rent arrears. Around a week later he was expecting a further sum of £115 to credit his account. I understand that Mr M was experiencing financial hardship at the time the funds were transferred by his relative. So, I can understand how frustrating and upsetting it was for him not to receive the money he was expecting.

LCCU has explained that every customer shares the same account number and sort code. It's also informed our service that its process is such that all overseas payments must be manually credited to each customer's account.

LCCU has stated that if a payment isn't correctly referenced it will credit its holding account until it receives proof of payment at which point it credits the correct customer's account. And it said that this can cause a delay in the funds being correctly allocated. It's said this is what happened here.

I've seen bank receipts showing that Mr M's relative transferred £280 from their account on the dates mentioned above. I can see they used the correct account number and sort code for each transfer. They also stated Mr M's name as the beneficiary's account name. I'm satisfied, on the thrust of the available evidence, that LCCU was provided with the information it required by Mr M's relative to enable it to allocate the funds it received to his account.

As I've set out in the background to this complaint, the funds weren't allocated to Mr M's account until February 2021. This was around 8 months after the funds had been transferred even though Mr M has stated that he made LCCU aware that the funds were missing in June 2020, which is substantiated by the complaint he made the following month. I think Mr M took all the action he could to ask LCCU to locate the missing funds.

I've considered whether LCCU made reasonable attempts to locate the funds once it was aware the money hadn't reached the Mr M.

When payments go missing we expect a business to make reasonable efforts to locate and allocate the funds that have been transferred to it. I haven't seen any evidence from LCCU that demonstrates why it took around 8 months to locate the missing funds and allocate them to Mr M's account. So, I can't fairly conclude that there was a valid reason for the delay in the funds crediting Mr M's account. It's difficult to understand why more couldn't have been done by LCCU to resolve this issue earlier for Mr M – particularly given the financial difficulties he was experiencing. For these reasons, I'm upholding this complaint.

### **Putting things right**

I've thought carefully about the impact all of this had on Mr M. I invited him to provide evidence showing any loss, charges or penalties he incurred as a result of not having access to the funds for such a long period of time. But he hasn't responded. I've therefore got to base my assessment on the trouble and upset Mr M, most likely, experienced on the limited information he's provided our investigator and what I think is fair and reasonable in the overall circumstances.

We aren't here to punish businesses and, to put things right, I'd have asked LCCU to pay compensation for the trouble and upset Mr M was caused. I can see that our investigator has

recommended that LCCU compensate Mr M in the sum of £200. This amount is within the compensation range for the category that this service would describe as “moderate”. I think that’s a fair description of the difficulties Mr M had here based on the available information.

In the overall circumstances, I’m satisfied that the £200 trouble and upset award recommended by our investigator is a reasonable amount, which is in line with our approach in similar scenarios. I haven’t seen any evidence indicating that a higher award is warranted here.

Like our investigator, I’m also persuaded that it would be fair for LCCU to pay 8% simple interest per annum on the transfers from the date they were made until the date the money credited Mr M’s account.

### **My final decision**

My final decision is that I uphold this complaint. London Community Credit Union Limited should do the following to resolve this complaint:

- Pay Mr M £200 compensation;
- Pay interest of 8% simple a year on £280 from the dates the funds were transferred until the date the money credited Mr M’s account.

\*HM Revenue & Customs requires London Community Credit Union Limited to take off tax from this interest. London Community Credit Union Limited must give Mr M a certificate showing how much tax it’s taken off it he asks for one.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr M to accept or reject my decision before 5 April 2022.

Julie Mitchell  
**Ombudsman**