

## **The complaint**

Mr H complains that Halifax Share Dealing Limited (“HSDL”) made two payments from his share dealing account to a bank account which wasn’t his. He also complains about the poor service he received when he brought this to HSDL’s attention and when he complained.

## **What happened**

In December 2020, Mr H logged onto his share dealing account and changed the nominated bank details. Unfortunately he typed in the wrong sort code by mistake. On 15 January 2021 he made two payments of £142.31 and £500. On 22 January, when he realised the money hadn’t been credited to his bank, he realised his mistake and he phoned HSDL. He says HSDL reassured him it would be able to claim the money back for him.

Mr H told us that he had difficulties getting through to HSDL, that promised call backs didn’t happen, and that he received continuing poor service when he complained.

HSDL said it hadn’t made an error – it had paid the money to the account provided by Mr H. But it accepted it should have acted more promptly when Mr H contacted it and offered him £100 for the inconvenience caused.

Our investigator didn’t recommend that the complaint should be upheld. She couldn’t conclude that it was HSDL’s fault that the money had been paid to the wrong account. She thought HSDL should have acted sooner when Mr H contacted it, but she couldn’t conclude this would have made a difference to Mr H getting his money back. She thought HSDL’s offer of £100 was fair and reasonable.

Mr H didn’t agree. In particular he thought HSDL’s delay in trying to retrieve the money had made a difference to the chances of him receiving the money back.

### *My first provisional decision*

I thought the complaint should be upheld. Briefly, I thought that HSDL should reasonably have done more to check that the account Mr H had nominated had been verified as an account in his name. I thought HSDL should pay Mr H £642.31 (the money he’d transferred), plus interest.

And I thought HSDL should pay Mr H £150 for the distress and inconvenience caused.

HSDL didn’t agree saying, in summary, that:

- There isn’t a regulatory obligation for it to check that the nominated account is in the customer’s name. And anti-money laundering regulations don’t apply.
- The provisional decision suggests HSDL should change the way it operates – but this is outside of the ombudsman service’s jurisdiction.

### *My second provisional decision*

Having considered HSDL's comments and reconsidered its terms and conditions and regulatory obligations, I reached a different conclusion. I wasn't minded to uphold the complaint and I explained why. I said:

*I'd previously concluded that it was Mr H's responsibility to provide the correct nominated bank details. And that remains my conclusion.*

*There's nothing in HSDL's terms and conditions which obligate it to check that the account details that Mr H provided were for an account in his name. And it wasn't unreasonable for it to rely on Mr H to provide the correct information about his own account.*

*I don't agree with HSDL that its anti-money laundering obligations aren't relevant here. It's allowed a payment to a third-party account. But, taking into account the obligation to check and verify payments, accounts, and individuals is on a risk-based approach, I don't find it acted unreasonably in allowing the payments without undertaking any checks. I say this because the two payments weren't particularly large or unusual.*

*I've gone onto think about whether HSDL had any obligation as a payment service provider to check the payee account matched the account details provided by Mr H. But HSDL didn't fulfil the role of a payment service provider in the transaction. It allowed Mr H to withdraw his money from its bulk client money account and to pay an account with the details he provided. It was HSDL's bank that had the payment service provider role. It may have been useful for Mr H if HSDL had reminded him he needed to make sure he input the correct bank details as the payee of the account might not be checked. But I don't find HSDL had an obligation to do this. And, as it has suggested, my role is to resolve individual disputes. I can't order a business to change the way it operates. That's the responsibility of the regulator.*

*Overall, I don't find HSDL was obliged to check the bank details provided by Mr H and, in the circumstances, I can't order it to repay the payments that were made to that account.*

*I've also reconsidered the service HSDL provided when Mr H contacted it to find out where the payments had gone. I remain of the opinion that HSDL should have contacted its bank and asked it to try to retrieve the payments much earlier than it did. But I can't conclude that, had it acted earlier, the payments would have in all likelihood been successfully retrieved. For that reason, I can't order HSDL to repay the payments because it was slow to act and provided poor customer service. But I do still think £150 is fair and reasonable compensation for the distress and inconvenience the failings in its service caused.*

Mr H was understandably disappointed by my second provisional decision. He set out in some detail why he thought HSDL should reimburse him and why he thought it had failed in its regulatory obligations. In summary, he said:

- Inputting the incorrect bank details was simply due to human error. HSDL failed to safeguard him because it didn't verify the name on the account details he entered.
- HSDL breached its obligations, and failed in its customer service, because it didn't do everything it could to recover the money when it was sent to the wrong account.
- Mr H set out what he thought HSDL's obligations were.

- He said HSDL didn't provide him with details of its investigation. And that this has prevented him taking legal action to recover the money.
- HSDL was obliged by the Financial Payment Regulator to introduce "confirmation of payee" by 30 June 2020.

### **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.

Mr H responded in detail to my second provisional decision and I'm aware that I've summarised what he said in far less detail. I'm not going to respond to every single point he's made. No discourtesy is intended by this. Instead, I've focussed on what I think are the key issues here. Our rules allow me to do this. This simply reflects the informal nature of our service as a free alternative to the courts. If there's something I've not mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual argument to be able to reach what I think is the right outcome.

Mr H says HSDL hasn't fulfilled its obligations under the Payment Service Regulations. But these regulations only apply to payment service providers. Mr H brings this complaint as a consumer of HSDL. And, as I set out in my second provisional decision, HSDL wasn't the payment service provider in this transaction. HSDL's bank was the payment service provider. This means I'm satisfied that there wasn't a regulatory obligation on HSDL to verify the name on the account details Mr H entered, or to provide "confirmation of payee".

The payment service provider in this transaction – HSDL's bank – will have had these obligations. But Mr H is not a consumer of HSDL's bank and is not an eligible complainant. So I can't consider whether HSDL's bank fulfilled its obligations.

I fully understand why Mr H feels so strongly about this, and why he thinks HSDL, as part of a larger banking group, should have done more to verify the account before it allowed the payments to be made. But, because of the reasons I've explained, I don't find HSDL breached its regulatory obligations when it didn't verify the account details Mr H provided.

Similarly, it was the payment service provider's obligation to investigate and attempt to recover the money. I can only consider what HSDL did or didn't do. I explained in my provisional decision why I couldn't order HSDL to repay Mr H the money he'd lost because it was slow to act and provided poor customer service. But why it should pay him £150 for the distress and inconvenience caused. I'm not persuaded to change my conclusion.

### **My final decision**

My final decision is that Halifax Share Dealing Limited should pay Mr H £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 11 August 2022.

Elizabeth Dawes  
**Ombudsman**