

The complaint

Miss K and Ms K are unhappy with how Bank of London and The Middle East plc (BLME) communicated with them after the reported fraudulent activity on their account. They want fair compensation.

What happened

On 16 June 2021 BLME received instructions from Miss K and Ms K to transfer £119,000 to their account at another bank on 15 September 2021. On 23 July 2021 and then on 14 August 2021 it received updated instructions to transfer the money to different accounts at other banks. All instructions were sent from the email registered to the account and BLME sent letters each time confirming the new payment instructions. On 13 September 2021 an email was received from a different and unregistered email address saying the registered email had been hacked.

The transfer had already been sent on the 13 September to meet the requested date of 15 September 2021 based on the last set of payment instructions. That same day two emails were received from the unregistered email address, one saying the money should be transferred to a different account and one saying they had no account at the bank named on the 14 August 2021 that the money had since been sent to. The case was therefore referred to the bank's financial crime unit as potential fraud. The next day BLME tried to recall the funds via its clearing bank but it had to contact the recipient bank so there was a delay.

BLME returned the money to Miss K and Ms K on 1 November 2021, despite the fraud investigation being ongoing and it not receiving the money back until 11 January 2022. It accepts however that it could have communicated better during the investigation. It offered to pay £138 compensation to reflect the lost interest between 15 September and 1 November 2021.

Ms K has explained her email was hacked and that's why BLME received updated account details that weren't from her. She tried to contact the bank but to no avail. She says the delay in getting their funds back caused significant stress and inconvenience. She needed money for her husband's funeral expenses; was forced to close an ISA to access money; and had to borrow the £119,000 she needed for the property purchase.

Our investigator upheld Miss K and Ms K's complaint in part. She said BLME ought to have given clearer information on what steps they were taking to recover the monies and why. She accepted it must have been very stressful given the sum of money involved and Ms K's sad personal circumstances at the time. But she found the bank had acted in line with its policies sending letters out to confirm each set of payment instructions. She acknowledged Miss K and Ms K might not have received the letters, but she was satisfied they were sent. She saw that Ms K had tried to contact BLME by email four times in October 2022 but had no reply. She said as Ms K did not want to provide evidence of any financial losses caused by not having access to the money for 47 days she could make no finding on that point. In summary, she said BLME must pay Ms K and Miss K a further £100 compensation for the poor service and communication during the investigation.

BLME accepted the assessment and agreed to pay the additional £100. Miss K and Ms K did not and said they wanted compensation of £1,000 to recognise the stress caused; the bank being unhelpful; and the work they had to do to move money from other accounts to complete their house purchase.

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.

Having done so I am upholding the complaint in part.

I have found no fault in the way BLME accepted and confirmed the payment instructions from Miss K and Ms K. These were each time sent from the email address registered to the account via the secure savings and confirmed back to Miss K and Ms K by a letter. They say they did not receive the letter confirming the fraudulent details, but I can't fairly hold BLME liable for the non-receipt. I think once BLME became aware the registered email had most likely been hacked, and that the most recent payment instructions were to an unknown account, it acted promptly that same day and launched a fraud investigation. It is not unreasonable it had already sent the money two days prior in order for it to arrive on the required date.

I agree with all parties' conclusion that from that point on however BLME's communication was not consistently robust. I have seen the emails Ms K sent to the savings email address in October that she did not receive a response to. And I understand the stress this must caused, in addition to the work they needed to do to ensure they had funds where needed for the property purchase to complete successfully.

BLME has made good the interest Miss K and Ms K lost whilst the money was missing and paid them £138 for this. That is fair. We asked for evidence of any other financial losses so we could consider the best way for these to be put right. But Ms K did not want to provide any such information so I can't consider the possible losses she has referenced such as needing to move money to complete on the house and needing to close an ISA early.

So what remains for me to decide is what is a fair level of compensation for the distress and inconvenience Miss K and Ms K suffered. I think £250 is more appropriate than £100 given the sum of money involved, the fact they had to be able to complete on a house purchase on a set date and Ms K's personal circumstances at the time. BLME is aware I have increased the award and agreed to pay this.

Putting things right

BLME must pay Miss K and Mr K £250 compensation, in addition to the £138 (if that has not yet been paid).

My final decision

I am upholding Miss K and Ms K's complaint in part. Bank of London and The Middle East plc must put things right as set out above..

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss K and Ms K to accept or reject my decision before 25 October 2022.

Rebecca Connelley

Ombudsman