

The complaint

Mr G is unhappy with how Leeds Building Society (LBS) managed the return of his daughter's passbook when it was unable to update it at the time he was in the branch.

What happened

LBS's systems were down when Mr G went to get the passbook updated. They offered to hold onto it, update it as soon as possible and post it back. He chased it up after seven days. It had been sent out first class, but not received by Mr G.

Mr G complains that he was never offered the option of return by recorded delivery; no return paid envelope (as promised) was included with the forms he then had to complete for a replacement passbook – and this was administrative work for him.

Our investigator upheld Mr G's complaint. He said Mr G suffered distress and inconvenience as a result of LBS's systems being down; his passbook then getting lost in the post and him needing to complete and return forms for the replacement. It seemed he also had to pay to return the forms as no pre-paid envelope was included. He said LBS should pay Mr G £100 to compensate him.

Mr G accepted this investigation outcome, but LBS disagreed. It said, in summary:

- it is unreasonable to expect its systems to work 100% of the time and its terms set out that it is not liable for any financial loss due to circumstances beyond its control - plus Mr G did not suffer any financial loss;
- it offered to post the passbook back to help Mr G so he could avoid making a second branch visit;
- the correct process was followed to generate the replacement passbook – the branch manager has confirmed a pre-paid envelope was included; and
- LBS can't be held liable for the failings of the postal service.

So in the round £100 compensation is excessive. LBS asked for an ombudsman to review the case so it was passed to me. I reached a similar outcome to the investigator, but I planned to make a different award. So I issued a provisional decision to give both parties a chance to submit any new information. An extract follows and forms part of this final decision.

Extract from my provisional decision

I accept LBS's point that by offering to keep the passbook and return it by mail it was trying to minimise Mr G's inconvenience. It updated the passbook that same day and mailed it out to Mr G. I also agree, as is our approach to such issues, that it is unfair to hold TSB liable for the non-receipt of the passbook. Its policy is to use first class mail to send out passbooks. That is its commercial decision and not something we would interfere in. However, I note it could have offered Mr G the option to select recorded delivery, which he confirms he would have done to avoid any worry, and it failed to do this. But equally, the lost passbook has not gone on to create any fraudulent activity or financial loss.

I can't fairly reach a certain conclusion on whether a pre-paid envelope was included with the forms Mr G had to complete as the parties testimonies are certain, but contradictory. However I don't think this is material to the overall outcome as my proposed compensation takes into account that there may have been a small postal cost for Mr G.

So, in the round, whilst there was a failing on the part of LBS by not offering recorded delivery, I don't think this oversight means £100 is fair compensation. I accept that Mr G had to complete forms for the replacement book, and possibly pay to return them. But I also have to consider how long this overall incident impacted Mr G for. Overall I find £50 to be a fairer settlement to recognise LBS did cause some avoidable inconvenience that in turn created short-term stress for Mr G when he discovered the passbook was lost.

Mr G responded to this saying he felt the award that was initially proposed of £100 was fair as LBS have acted with disregard to him as a customer.

LBS responded saying it thought part of its final response letter had been misinterpreted. It wanted to clarify that whilst it sometimes uses recorded delivery if it has a special request from a customer (or if required because of package weight) it would never offer it directly to a customer as it is not in its procedure. It said Mr G was happy for the passbook to be sent first class at the time.

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 considered both parties additional comments I am upholding Mr G's complaint and awarding £50 compensation. I will explain why.

I acknowledge LBS's point of clarification that it does not offer recorded delivery as part of its standard procedure. However, as it says, it has the capability to send items by recorded delivery in certain circumstances. And in this case had it made Mr G aware it could do this it is most likely he would have made that special request. I think this nuance is relevant as whilst I accept LBS's argument that it's not reasonable to expect its system to work 100% of the time, nor is it reasonable that the subsequent avoidable inconvenience this caused Mr G should not be recognised.

It seems to me unfair to rely on the fact Mr G didn't explicitly ask for recorded delivery given he was unaware he could request it. To be clear, I am not challenging LBS's position that offering recorded delivery is not part of its standard procedure, rather I find that had it considered offering it in this particular instance Mr G could have been spared the distress and inconvenience he suffered. And for that reason I find it should now pay Mr G £50 compensation.

With regards Mr G's comment that £100 compensation was a fair outcome - as he did not supply new information showing any additional distress and inconvenience he suffered that was not taken into account in my provisional decision, I have no grounds to increase the award.

Putting things right

LBS must pay Mr G £50 compensation for the distress and inconvenience caused.

My final decision

I am upholding Mr G's complaint and Leeds Building Society must put things right as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 14 September 2022.

Rebecca Connelley
Ombudsman