

The complaint

Miss S complains that Metro Bank PLC did not return funds sent to an incorrect payee.

What happened

On 6 September 2022, Miss S intended to send £3,750 to her nephew's account. However, she clicked on the incorrect payee stored on her Metro Bank app. As a result, the funds were sent to the incorrect recipient.

Miss S contacted Metro Bank to request a return of the funds. She was passed to the wrong department and was then incorrectly told to call the following day. She did so and was told a recall request had been raised. When she still had not heard back by 4 October, she called up Metro Bank and found out that there had been an error and a recall request still had not been made. One was raised that day, but a response was received from the recipient bank explaining no funds remained in the beneficiary's account. Metro Bank apologised for the delays in setting up the recall request and paid Miss S £25 compensation in recognition of the distress and inconvenience this caused. However, they declined to refund the £3,750 as they explained there is no guarantee a recall request will be successful.

Miss S raised a complaint with our service. When we asked Metro Bank for their file, they included an increased offer of an additional £50, which would bring the total paid to £75. Our Investigator looked into the complaint and agreed that there had been an unnecessary delay caused by Metro Bank's error. However, after reviewing all the evidence, they felt that even if Metro Bank had raised the recall claim in a timely manner, there still would have been no funds remaining to recover. So they did not agree that Metro Bank should refund the £3,750. But they did think Metro Bank should increase the level of compensation paid to a total of £100, which would be an additional £75 to what had already been paid.

Metro Bank agreed the Investigators findings, but Miss S did not. As an informal agreement could not be reached, the complaint has been passed to me 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.

Having done so, I agree with the Investigator for largely the same reasons. I don't instruct Metro Bank to refund the £3,750 and I agree that £100 compensation is more in line with what I would have recommended in the circumstances. I'll explain why in more detail.

It is not in question that the payment was sent to the payee Miss S selected, and this was down to a mistake on Miss S' part and not due to an error by Metro Bank. So, I won't be considering the payment itself and how that was made.

It is also not in question that Metro Bank did not raise a recall request in a timely manner. They have confirmed that this process should have been actioned within two working days of Miss S's initial call on 6 September 2022, as the relevant regulations set out. However, due

to a series of errors on Metro Bank's part this was not raised until 4 October, four weeks later.

As I'm satisfied there has been a bank error, I've gone on to consider if that error has financially disadvantaged Miss S. I've considered the evidence available and having done so, I'm satisfied that had the recall request been raised in a reasonable timeframe, the £3,750 would not have been successfully reclaimed as there would have been insufficient funds available in the beneficiary account.

Because of this, I think Miss S is already in the position she would have been in had the delays in setting up the recall request not occurred. And I don't direct Metro Bank to refund the £3,750.

I acknowledge that the delays caused by Metro Bank have added additional distress to Miss S at a time when she was already concerned she had lost the funds. And she had to chase Metro Bank for a response when she had not heard anything for a number of weeks. Considering all of this, I think an additional £75 compensation, on top of the £25 already paid, is fair in the circumstances.

My final decision

I uphold this complaint in part and direct Metro Bank PLC to pay Miss S an additional £75, bringing the total compensation paid to £100. I do not direct Metro Bank PLC to refund the £3,750 paid to an incorrect payee.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss S to accept or reject my decision before 16 June 2023.

Rebecca Norris
Ombudsman