

The complaint

Mr C is unhappy that Barclays Bank Plc, trading as Barclaycard, won't reimburse a transfer he made to them in error.

What happened

In April 2022, Mr C attempted to instruct a balance transfer from a third-party credit account to his Barclays credit account. Unfortunately, Mr C input the incorrect details for his Barclays account, meaning that the money wasn't received into his Barclays account.

Mr C contacted the sending bank about this, but they confirmed that the money had been sent to Barclays and hadn't been returned back to them. Mr C therefore contacted Barclays and asked them to locate and recover his money for them. But Barclays couldn't find Mr C's money and kept asking for further information which he couldn't provide. Mr C wasn't happy about this, so he raised a complaint.

Barclays responded to Mr C and confirmed that they were unable to locate the money he had sent. However, Barclays did accept that Mr C hadn't received the standard of service from them surrounding his request that he should have received, including that Mr C had been given differing reasons as to why the payment couldn't be located. Barclays apologised to Mr C for this and made a payment of £50 to him as compensation for any upset or trouble he may have incurred. Mr C wasn't satisfied with Barclays' response, so he referred his complaint to this service.

One of our investigators looked at this complaint. They noted that Barclays had first told this service that they believed the payment had been automatically returned to the sending bank, but that Barclay's correspondence with the sending bank appeared to confirm that the payment had been received by Barclays, albeit into another person's account. Because of this, our investigator said that Barclays should reimburse the payment amount to Mr C. Barclays didn't agree with the view of this complaint put forwards by our investigator, so the matter was escalated to an ombudsman 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.

I issued a provisional decision on this complaint on 6 November 2023 as follows:

It's accepted by all parties that Mr C made an error when instructing the balance transfer which resulted in Barclays receiving the balance transfer funds in conjunction with account details that didn't correspond to Mr C's Barclays credit account.

However, it's not yet fully understood whether the incorrect account details input by Mr C corresponded with another Barclays credit account – i.e. an unintended third-party person's Barclays credit account – or whether the incorrectly input details didn't correspond to any Barclays credit account.

This is significant because without knowing which of the two possibilities described above is correct, it's difficult to understand with any certainty exactly what's happened here. In the first instance, if the account details did correspond to another Barclay's account, then it seems likely to me that the money Mr C transferred would have been received by an unintended recipient – the third-party person whose account details Mr C input by mistake.

Alternatively, in the second instance, if the incorrectly input account details didn't correspond with a Barclays account, then it seems likely to me that Mr C's money would have been automatically returned to the sending bank. And I say this because Barclays have confirmed that, in instances when a balance transfer is received without the information required to allocate that money to one of their credit accounts – as would be the case in this instance – then that money is returned to the sending bank as per their process.

So, given the above, it seems to me that either Mr C's money has already been returned by Barclays to the sending bank, or Mr C's money has been received into the Barclays account of an unintended recipient.

If the money has already been returned by Barclays to the sending bank, then Barclays have no further action to take here. But Mr C has explained that his sending bank have no record of receiving his money. And it's notable that on 20 December 2022, internal communication within Barclays suggests that Mr C's money was received into an unintended recipient's Barclays account, but that recovery of Mr C's money wasn't possible because no funds remained in the account of the unintended recipient into which the money was received.

Importantly, in either of the scenario's described above, Barclays didn't do anything wrong. This is because the error was made by Mr C, who input the account details incorrectly when instructing the balance transfer. And so, if Mr C's money was received by an unintended recipient, I'm satisfied that this was a consequence of Mr C's mistake, and not the result of any error by Barclays.

Furthermore, if money is transferred to an unintended recipient in error by an account holder, and that money is then withdrawn from the account by the unintended recipient, then a bank such as Barclays isn't generally expected by this service to credit that money to the person who instructed the transfer in error. This is because if the bank were to do so, then that bank, which hasn't made any error, would be accepting and taking on the financial loss of the person who instructed the transfer and who did make the mistake. And this clearly would not be fair.

Accordingly, if it is the case that Mr C's money was received into an unintended recipient's account, and was then removed from the account by that unintended recipient, I feel that this would be a civil matter between Mr C and the unintended recipient – although it would be expected that Barclays would provide Mr C with the necessary information about the unintended recipient to allow him to pursue this matter with that person himself.

All of which means that my provisional decision is that I won't be upholding the primary aspect of Mr C's complaint and that I won't be instructing Barclays to reimburse the transfer amount to Mr C.

However, I will be provisionally upholding this complaint in Mr C's favour on the basis of the poor standard of service Mr C has received from Barclays surrounding this matter. And this includes that it remains unclear whether Mr C's money was received by an unintended recipient or not.

Because of this, I'll be provisionally instructing Barclays to make a further payment of £150

to Mr C as compensation for the trouble and upset that he's incurred here, and to confirm whether the incorrect account information that Mr C provided to them did or did not correspond to another of their accounts.

It would be expected that Barclays would provide confirmation of this point to Mr C within 28 days of the date of this letter, and so before any final decision on this complaint is issued by myself. Should Barclays fail to provide clear confirmation of this point to Mr C within 28 days, then it's likely that I'll issue a further provisional decision awarding increased compensation to Mr C at that time.

Finally, if it is the case that Mr C's money was received by an unintended recipient, then it would be expected that Barclays would provide confirmation of when that money was removed from the unintended recipient's account along with confirmation of when they first attempted to recover that money on Mr C's behalf. Again, I reserve the right to award further compensation to Mr C dependent on the nature of this further information.

Barclays responded to my provisional decision and confirmed that Mr C's money was sent back to the sending bank because the incorrect information Mr C inputted didn't correspond with any of their accounts. This means that it wasn't the case that Mr C's money was received by an unintended recipient.

Barclays also provided the sort-code and account number of the account with the sending bank that Mr C's money was sent back to, and these have been provided to Mr C under a separate cover to hopefully enable him to locate his missing money with the sending bank.

Mr C responded to my provisional decision and reiterated the difficulties he'd had when trying to resolve this matter, both with Barclays and the sending bank.

I can appreciate Mr C's frustration here, but in consideration of the responses I've received from both himself and Barclays, my position on this matter remains as I've described it in my provisional decision. And this means that my final decision here will be that I uphold this complaint against Barclays on the limited basis that they must make a further payment of £150 to Mr C as compensation for the trouble and upset that he's incurred.

I realise this might not be the outcome Mr C was wanting, but I hope that the information sent to him separately regarding the sort-code and account number of the sending bank to which his money was returned will enable him to locate and recover his money.

Putting things right

Barclays must make a payment of £150 to Mr C, in addition to the £50 compensation they've already paid.

My final decision

My final decision is that I uphold this complaint against Barclay Bank Plc, trading as Barclaycard, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 12 December 2023.

Paul Cooper
Ombudsman