

The complaint

Mr B complains that Bank of Scotland plc trading as Halifax (Halifax) took too long to locate his missing funds and return them to him. He wants compensation to reflect the distress and inconvenience caused.

What happened

In early May 2023 Mr B made an international transfer of £3000 from his Halifax account to an account he held with a different provider. Mr B entered the incorrect account details and so the payment didn't reach his other account. The account details he used were for a closed account.

Mr B contacted Halifax to let it know he'd input incorrect account details and wanted to know where his money was. Halifax tried to retrieve the money but was unable to locate it. Unhappy, Mr B made a complaint.

Halifax responded to Mr B's complaint in late August. It agreed to refund Mr B the £3000 and originally paid £50 for the inconvenience caused in the delay in locating the funds. It explained to Mr B that it still hadn't been able to find the money – but it refunded it to him anyway. After discussing his complaint with an adviser at Halifax, it agreed to increase its compensation payment to £250 (including the £50 already awarded).

Mr B remained unhappy; he wanted a lot more compensation for the distress caused. He brought his complaint to this service.

One of our investigators considered the matter. She didn't think Halifax had made the original error (attempting to transfer money to a closed account), but did think it had taken too long to try and locate the lost funds and return it to Mr B. She considered the compensation offer made and thought this was fair, along with the return of the original funds. But she also thought Halifax should add 8% simple interest to the £3000 to recognise Mr B had been without his money. Halifax agreed to this, but Mr B didn't. He still felt he should be awarded more compensation for the distress and inconvenience caused.

Because he didn't agree with the recommendation made by our investigator, the matter has been passed to me to consider.

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've reached the same outcome as the investigator for the same reasons.

Neither Mr B or Halifax is disputing who made the initial error of attempting to send the money to a closed account. Mr B has admitted this was his mistake, so I don't need to consider who is at fault here. But, I have considered whether Halifax has taken reasonable steps to assist Mr B in trying to retrieve the funds, and whether it's done this in a timely

manner.

Mr B got in touch with Halifax fairly quickly to let it know that he'd sent the money to the wrong account. Halifax has explained that ordinarily if a transfer is made to an account that is closed then the funds usually bounce back, but that didn't happen in this instance.

I can see from the information Halifax has provided that it spent time trying to locate the funds to return them to Mr B, but it wasn't able to locate them. After a few months of trying to find them, and several conversations with Mr B, it decided to return the funds to Mr B. I think this was the right thing to do in the circumstances.

It did take Halifax a long time to return the funds to Mr B, around 4 months. I think it could've done this sooner and continued to try and locate them in the background – this would've avoided Mr B having to chase Halifax to find out what was going on. So, I think the recommendation made by our investigator was a fair one – which was for Halifax to pay 8% simple interest on top of the £3000 from 2 June 2023 to 29 August 2023 – allowing the first 20 working days for Halifax to investigate what happened. This is to reflect the fact that Mr B didn't have access or use of the funds.

Halifax also offered Mr B £250 compensation for the distress caused. This was to recognise that Mr B had been without his funds and that he'd had to call regularly to find out what was going on. I agree compensation should be paid to Mr B. When we asked him about the distress and inconvenience caused, he said not having access to the funds meant he couldn't go out much when he was abroad or treat his grandchildren. I don't doubt this was frustrating and inconvenient for him – but I think £250 reflects the inconvenience caused and I won't be asking Halifax to pay any more compensation.

My final decision

For the reasons I've explained above, I am upholding Mr B's complaint.

Bank of Scotland plc trading as Halifax should do the following:

- Return the original £3000 to Mr B - which it looks like it has already done
- Pay 8% simple interest on £3000 from the period of 2 June 2023 to 29 August 2023
- Pay £250 compensation to Mr B, if it hasn't already done so

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 29 March 2024.

Rachel Killian
Ombudsman