

## **The complaint**

Mr J has complained that Lloyds Bank PLC (“Lloyds”) failed to take reasonable steps to recover money that he had incorrectly sent to one of its customers.

## **What happened**

Mr J sent £5,000 to a customer of Lloyds by mistake on 20 July 2021.

Mr J contacted the person he’d sent the money to, but they said that the account that the money had been transferred to is closed.

As such, Mr J contacted his bank and asked it to attempt to recover the money he’d sent by mistake.

On 26 July 2021 Lloyds received a Credit Payment Recovery (“CPR”) claim from Mr J’s bank. Lloyds declined to consider the claim on the basis that the funds had been paid into an open and active account. On 26 October 2021, Lloyds said to Mr J’s bank that the funds had been paid to a personal, rather than business, account. Lloyds said that Mr J would need to contact the recipient directly.

Following Mr J’s complaint to Lloyds, Lloyds issued its final response letter on 6 March 2023. It said that it had not been able to see that it had made an error. Lloyds said that, as the payment was sent from another bank, Mr J would need to speak to his bank to resolve matters.

After referring his complaint to this service, one of our investigators assessed the complaint and he concluded that Lloyds had not co-operated with Mr J’s bank in a reasonable way. The investigator recommended that Lloyds pay Mr M £250 compensation and also to reach out to its customer who received the funds and ask why they received the funds in question.

Lloyds accepted the assessment in part. Lloyds said it was willing to pay Mr M £250 compensation. But said it couldn’t contact its customer as it did not have a valid CPR claim from Mr J’s bank.

As Lloyds refused to contact its customer and as Mr J was unhappy with how matters were left, the matter was referred for an ombudsman’s decision.

I issued a provisional decision upholding the complaint on 15 February 2024. I have included an extract of my provisional decision below and it forms a part of this complaint.

### ***“What I’ve provisionally 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 everything, I agree with findings of the investigator, although I currently think that different redress should be awarded. I will explain why.*

*One of the reasons Lloyds gave for its refusal to contact its customer was because Mr J's bank had not sent a valid CPR form. However, from the limited information that Lloyds has provided it seems that the reason why the claim was declined was because Lloyds failed to properly consider the information that Mr J's bank had sent it.*

*In the CPR email, it's clear that the intended recipient was never Lloyds' customer and was in fact Mr J's credit card provider. So from the outset, I think it should've been clear to Lloyds that the money had been sent to the wrong account by mistake and that its customer was not the intended recipient of the transfer.*

*That being the case, I think the appropriate course of action here would have been for Lloyds to try and help Mr J recover his payment and act as quickly as it could to do that. But rather than taking steps like, for example, ringfencing the money whilst it contacted its customer about the funds received into the account, Lloyds instead focused on whether the receiving account was a business or personal account and whether it was open or not.*

*However, I can't see what relevance either of those points had to Mr J's CPR claim – other than demonstrating that what Mr J was told by the recipient about the account the money was paid into i.e. it was closed, was in fact not true.*

*So, I don't think whether the receiving account was a personal or business account, or whether it was open or not was particularly relevant to Mr J's CPR claim - when it was stated in the CPR claim that the intended recipient was a credit card company. Yet in its responses to Mr J's bank, Lloyds insisted that the CPR claim was rejected as the account was open and active.*

*So, I think that Lloyds' failure to deal with the CPR claim in a fair and reasonable way, deprived Mr J from being able to recover the money he'd sent to the wrong account by mistake.*

*So I've gone on to think about what would most likely have happened here if Lloyds had done what it should. During their investigation of the complaint, the investigator asked Lloyds whether the money that had been transferred was still in the receiving account when the CPR claim was received by Lloyds on 26 July 2021. In its response to the investigator, Lloyds said that: "At the time of the claim there was no evidence of a lump sum being removed matching the figure in question." So based on this information, unless Lloyds provides additional evidence to suggest otherwise, I'm satisfied that the money was likely still in the account at time the CPR claim was received.*

*So, had things gone as they should've, and Lloyds had dealt with the CPR claim fairly on 26 July 2021, I think it's likely that Mr J would've been able to recover the money he'd sent by mistake. But it's not clear if that money is in the account in question any longer – which limits Mr J's ability to now get this back. But that doesn't feel like a fair outcome for Mr J in the circumstances, who acted promptly and notified Lloyds of what happened at a time when it could have done more to help him. So, I think that it'd be fair for Lloyds to now pay this to Mr J.*

*I note that the investigator recommended that £250 compensation be paid to Mr J. In my view this is reasonable and fairly reflects the distress and inconvenience that Mr J experienced in this matter.*

*The investigator also recommended that Lloyds reach out to its customer to find out why they received the funds in question. But as I think that Lloyds should've done this in July 2021 and given that the consumer had told Mr J at the time that the account the money was transferred to had closed, I don't think that Lloyds needs to take this step. Instead, I think it's fair that it pays Mr J the value of the funds transferred in error. I also think it's fair that, as Mr J has been deprived of having use of this money, Lloyds also pay 8% annual simple interest (less deductible tax) on the amount in question as well.*

### **Putting matters right**

*Based on everything that has been provided so far, I think Lloyds' handling of the CPR claim led to Mr J's failure to recover the funds he'd sent to its customer by mistake.*

*Because of this, I currently think Lloyds should:*

- *Pay Mr J £250 compensation for the distress and inconvenience caused to him by this matter;*
- *Reimburse Mr J for the £5,000 that was the subject of the CPR claim; and*
- *Pay 8% simple annual interest on that amount, calculated from 26 July 2021 until the date of payment, less any deductible tax."*

After I issued my provisional decision, Mr J responded and said he accepted my findings. Lloyds also responded and also accepted my findings.

### **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 reconsidered everything, and given that both parties accept the findings of my provisional decision, I see no reason to reach a different outcome to the one I reached in my provisional decision.

So in summary, I think that Lloyds could've dealt with the CPR claim, that it received from Mr J's bank, better than it did. And for the reasons stated above, I think Lloyds' handling of the claim led to Mr J being unfairly deprived of the opportunity to recover the money he'd accidentally sent to its customer.

### **Putting things right**

So, to put matters right, Lloyds needs to:

- Pay Mr J £250 compensation for the distress and inconvenience caused to him by this matter;
- Reimburse Mr J for the £5,000 that was the subject of the CPR claim; and
- Pay 8% simple annual interest on that amount, calculated from 26 July 2021 until the date of payment, less any deductible tax.

### **My final decision**

Because of the reasons given above and in my provisional decision, I uphold this complaint and require Lloyds Bank PLC to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 2 April 2024.

Thomas White  
**Ombudsman**