

The complaint

C, a limited company, complains that Cater Allen Limited wouldn't accept specific payments to its account causing financial loss.

What happened

The director of C explains that he needed to repay money to C by 31 October 2023. He attempted to send payments from his personal bank account at a different financial business ('the sending bank') on several occasions starting on 30 August 2023. He says that these payments were wrongly rejected by Cater Allen and that there should be compensation for this, and the time spent in dealing with the matter.

Cater Allen said it hadn't made a mistake. The attempted faster payments had been stopped by checks at the sending bank. It appeared that this was because a reference 'contra' for the payments had been used. A payment from the sending bank had successfully been made and credited using a different reference on 8 November 2023. A cheque from the director had earlier been credited to C's account on 21 September 2023. But this had been returned unpaid by the sending bank. Cater Allen said that this would need to be taken up with the sending bank.

Our investigator didn't recommend that the complaint be upheld. The evidence provided showed that the unique reference had stopped the sending bank's systems processing the faster payment. And although the sending bank had initially said in correspondence that Cater Allen wouldn't accept this type of payment for C's account this hadn't been the position. The evidence about the cheque was that the sending bank had concerns about its validity.

C didn't agree and wanted its complaint to be reviewed. It referred to regulations about payments and said that the root cause here was that Cater Allen didn't have appropriate systems in place. It said that Cater Allen was in breach of the Financial Conduct Authority rules and corrective action was required to prevent this happening again. In addition, the correct reason for the failed transaction wasn't communicated and this requires corrective action by Cater Allen and the sending bank.

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 need to state that this service isn't the regulator, and we provide informal dispute resolution and don't have a role for example in reviewing the design of payment systems. I'm looking at what Cater Allen did here in relation to the complainant C.

I'm afraid that the evidence is that Cater Allen never received the attempted faster payments and that these were rejected by the sending bank. I don't consider that Cater Allen could have identified as a result why the payments were being rejected until it had investigated this with the sending bank. And nor could it reasonably have alerted C to the very specific issue

with the payment reference being used here. Its case notes indicate it took appropriate action to try and resolve this before C's deadline but that unfortunately this wasn't possible. I note that an attempt by C had been made to mitigate the issue by using a cheque, but the sending bank had returned the cheque as unpaid.

C had been able to receive faster payments to its account before. It was able to receive a payment from the sending bank when the reference was changed as Cater Allen had later suggested. I don't have a reasonable basis to hold Cater Allen responsible for the payments not reaching C in time and the related consequences.

I appreciate that the director of C will remain unhappy with the outcome

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask C to accept or reject my decision before 22 April 2024.

Michael Crewe
Ombudsman