

The complaint

Mr P complains that Bank of Scotland plc trading as Halifax did not respond fairly to his complaint about a payment it sent to the wrong bank in error. In particular, he says Halifax has not honoured its agreement for him to keep the money paid in error.

What happened

In October 2022 Mr P asked Halifax to make a payment of £1,328 to his account with another bank, which I'll call T. But Halifax made a mistake and sent the payment to Mr P's mortgage account with a second bank, which I'll call N.

Four days later, Halifax sent £1,328 to T to correct its error, which T received the following day. But in the meantime, Mr P had found it difficult to log a complaint with Halifax and he'd incurred a charge with N. Halifax apologised for its poor service and paid Mr P £100.33, which was £75 compensation and £25.33 to cover N's charge.

But Halifax then asked Mr P to repay the money it had sent to N, because it said it couldn't recover the money. Mr P complained about this. In February 2023 Halifax called Mr P in response to his complaint. Halifax told him that it would stand the loss of the £1,328 because it had been its error. In other words, Halifax would not recover the money paid to N from Mr P. But during that call Mr P told Halifax that he'd asked N to repay the money to Halifax. Halifax told him that it hadn't received the money back.

In May 2023 Mr P told Halifax again that N had returned to Halifax the money it had paid to N in error. He asked Halifax to pay him this money because he had been promised compensation which he had not received.

Halifax then accepted that it had received the money back from N but said it would keep the money because it was Halifax, rather than Mr P, who had been left out of pocket.

Mr P came to us. He said Halifax had promised him compensation (£1,328) but later refused to pay him any compensation even though he had clearly explained that N had paid the money back to Halifax.

Our Investigator upheld the complaint. He recommended that Halifax pay Mr P an additional £350 compensation. But Mr P explained that he didn't think this properly reflected the distress and inconvenience he had suffered. He said he would accept £1,014 in compensation, being half the £1,328 payment plus £350 compensation. He asked for an Ombudsman's review. He also wanted to listen to the February 2023 call recording.

I reviewed the complaint and I asked our Investigator to share Halifax's call with Mr P. He did so and Mr P has kindly given us his comments. In particular, Mr P said that he didn't receive the letter Halifax said it would send to him during the February 2023 call. He thought it was a "deceitful" conversation and that he couldn't trust the bank. There was conflicting and false information by Halifax and he felt he'd been hard done by. He expressed concern that we might not be independent of the banks.

Our Investigator explained he had agreed Halifax could have done more, which is why he had asked Halifax to pay additional compensation. He confirmed the complaint would be referred to the Ombudsman

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.

Mr P suggested that we might be on Halifax's side but that's not the case. We are independent and we reach our decisions impartially based on the evidence.

I think Halifax's offer to pay Mr P an additional £350 compensation is a fair and reasonable way to resolve matters. I'll explain why.

It's not in dispute that Halifax made a mistake when it sent Mr P's payment to N and not to T as he'd requested. I think Halifax corrected its original error reasonably quickly when it sent the payment to T in line with Mr P's original instruction. Halifax also recognised that Mr P had found it difficult to log a complaint, refunded the charge he'd incurred and paid him compensation for his distress and inconvenience.

But I don't think Halifax did enough to recall the payment from N, which had asked Halifax for further information to trace the payment. Halifax then made matters worse when it told Mr P that it would recover the £1,328 from him. I accept that this caused him unnecessary distress and inconvenience and he had to complain again.

Halifax responded to Mr P's complaint in February 2023 and I've listened to the telephone call recording between its complaint handler and Mr P.

Mr P clearly told Halifax that he'd been in touch with N himself and that N had paid the money back to Halifax. But Halifax said it hadn't received the money back and that it would stand the loss. Halifax has since apologised and said that it should have checked about this. I agree and had it done so it seems to me that matters could have been quickly resolved. I also note that Halifax did not send Mr P a letter as it said it would do following that call.

While I think Halifax should have checked whether it had received the money back, I don't think it deliberately misled Mr P. It was a mistake. I don't think Halifax promised Mr P £1,328 compensation or that it would be fair for me to award that amount, or half of that amount in compensation.

Mr P had already arranged for the money to be returned to Halifax at the time of the February 2023 call. So I don't think the incorrect information Halifax gave him caused him any financial loss. And I don't think Halifax agreed to compensate him by £1,328. Rather it said it would not compensate him because he'd already benefited from the payment to his mortgage account.

I don't think I can fairly base any award of compensation on the amount of the original payment. Mr P did not suffer any financial loss because Halifax made the payment of £1,328 to T at no additional cost to Mr P. And it would not be fair for me to tell Halifax to pay the money recovered from N to Mr P because that would mean he'd have benefited from the money twice.

But I think the way Halifax handled the recovery of the money has caused Mr P unnecessary distress and inconvenience, made worse by Halifax's poor handling of the February 2023 call. I've carefully considered Mr P's comments about why he does not think £350

compensation is enough. But I think it's a fair and reasonable amount and is in line with the amount I might have awarded had Halifax not agreed to offer Mr P compensation.

My final decision

My final decision is that I uphold this complaint. I require Bank of Scotland plc trading as Halifax to pay Mr P £350 compensation for his distress and inconvenience as it has now offered to do. For the avoidance of any doubt, the £350 compensation is in addition to the £100.33 that Halifax has already paid to Mr P.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P to accept or reject my decision before 12 July 2024.

Amanda Maycock
Ombudsman