

The complaint

S, a limited company, complains that Coutts & Company didn't process a payment on the day it was made leading to a loss of interest.

What happened

S says it wanted to transfer funds to its interest earning account at a different financial business. It initiated a CHAPS payment of £5,036,000 on Friday 15 March 2024 which was debited to its account. But the payment didn't arrive until 18 March 2024. This S says has resulted in a loss of interest of nearly £2,000.

Coutts said it hadn't made a mistake. It said in its final response letter to the complaint that the payment was subject to an authentication check. And that it needed to ensure that the payment was genuine. Coutts said that it had contacted S at the 'earliest opportunity' following its internal checks. It noted that the payment was keyed at 17:28 that day and the cut off time for CHAPS payments is 17:40. And that here S's payment wasn't released until 18:38. Coutts said that it couldn't guarantee that payments will be made the same day and that it wouldn't be paying S interest as the correct process had been followed.

Our investigator didn't recommend that the complaint be upheld. She said that the terms and conditions of the account set out the steps that needed to be followed with CHAPS payments. And that the payment would be made within 90 minutes of receiving the instruction or 60 minutes of being accepted after the necessary checks. S was contacted by phone to confirm the payment. And S was later given a tracking number when it called to ask whether the payment had been processed. She didn't think that Coutts ought to have suggested other means of making the payment.

S didn't agree and wanted the complaint to be reviewed. It said that Coutts had retained the money and earned interest. This wasn't right as S had told Coutts about the purpose of the payment. Coutts could have stopped the payment and for example suggested that it made a number of faster payments instead.

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've reviewed the online payment instruction and can see as Coutts states that the director of S is recorded as approving that online at 17:28 – the entry having been keyed by S at 17:14. The cut off time for such online payments instructions is set by Coutts and given in the terms and conditions as 17:30. It has also stated that it has to send the payment for settlement through the CHAPS system by 17:40. My understanding is that the CHAPS system is open generally on working days until 18:00.

The terms and conditions also set out that a CHAPS payment instruction is irrevocable. So, I wouldn't have expected the payment to be cancelled or stopped here unless Coutts identified either a mistake or that it hadn't been authorised by S.

Coutts called S at 18:30 and it confirmed the payment was genuine. During that call, the director of S said that he knew that Coutts would on occasion call to verify payments. The director later spoke to the customer service team at 18:45 and was told that the money had left the account at 18:39 and would be credited to the beneficiary account subject to any checks by the receiving bank. S has stated that the money was credited to that account on Monday 18 March 2024.

My assessment

As I've set out the payment instruction was made by S very close to the customer cut off time and there was only 12 minutes for the payment to be sent on by Coutts for settlement that day. It did seem to be feasible for a payment that didn't require checks to be processed within this time. But this was a payment of a significant amount and I consider it was reasonable and expected that Coutts made checks to confirm that this was genuine and there were no issues.

Coutts has accepted in its final response that checks at this time were taking longer than before. Here it was over 60 minutes before S was called and the payment was released after 70 minutes. Both of those timescales are in line with the terms and conditions our investigator referred to. And I take into account in any event how close the payment instruction was to the customer deadline in this case. It was also possible that the receiving bank would want to make its own checks.

I've already set out that a CHAPS payment is irrevocable and in addition I wouldn't have expected a member of the security team to discuss additional payment methods with S. The purpose of that call was to confirm the instruction. And a series of faster payments coming to the same amount may also have required checks.

While the information given in the later service call was in my view quite general – as it wasn't then brought to S's attention for example that the payment had been made after CHAPS was closed – this didn't affect the outcome. The payment had been processed as far as it could be and couldn't be reversed. And in information provided to this service Coutts said that the money was then held in a 'suspense' account and has clearly stated it didn't receive interest on this.

I note that Coutts apologised to S for the inconvenience. I'm afraid that as this didn't arise from any mistake, but from checks made on a payment sent very close to the CHAPS cut off point, I don't have a reasonable basis to require Coutts to do anything further including paying S interest as it wants.

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 S to accept or reject my decision before 20 September 2024.

Michael Crewe

Ombudsman