

The complaint

Mr L complains Zopa Bank Limited (Zopa) failed to credit his credit card account when a refund of a balance transfer was sent by another credit card provider.

What happened

Mr L says in January 2024 he instructed Zopa to initiate a balance transfer to another credit card provider (CC2) for £1,500. Mr L says these funds weren't received by CC2 so he asked Zopa to look into this. Mr L says Zopa informed him it had correctly sent the monies to CC2 and it hadn't received any monies back from them. Mr L says CC2 informed him the monies had been returned to Zopa on 30 January 2024. Mr L says Zopa eventually credited his credit card account on 7 May 2024.

Mr L says he has spent a lot of time contacting both credit card providers over this protracted period of time, which caused him a great deal of worry and stress, which could have been avoided if Zopa had checked its records as the funds returned by CC2 quoted his credit card details.

Zopa says when the funds were returned by CC2 it wasn't properly allocated to Mr L's account and went into a general "pot" whilst waiting to be allocated. Zopa says while it has caused some delays here, CC2 are also at fault.

Mr L wasn't happy with Zopa's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt Zopa hadn't done enough to trace the payment that was returned to them on 30 January 2024 and only allocated these monies to Mr L's account on 7 May 2024. The investigator felt Zopa should pay Mr L £200 for the trouble and upset caused.

Zopa didn't agree with the investigator's view and asked for the matter to be referred to an ombudsman for a final decision.

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 will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been worrying for Mr L not to know where the funds he had asked Zopa to send to CC2 were exactly. When looking at this complaint I will consider if Zopa carried out sufficient checks to establish if the funds it sent to CC2 as a balance transfer had been returned to them, after Mr L informed them the balance transfer hadn't been received by CC2.

The first thing to say is Mr L hasn't experienced any financial loss by way of interest costs, but his complaint centres around the fact Zopa didn't fully investigate why the balance

transfer it sent to CC2 hadn't been received by them in January 2024, and more importantly when he told them CC2 had returned the monies, it failed to locate these for over three months.

Zopa have accepted it was responsible in part for the delays in locating the funds returned by CC2, but CC2 also had a part to play in why the issue occurred here. Zopa have explained that when the funds were returned by CC2 it wasn't properly allocated for Mr L's account and was placed in a central account "pot".

While I understand the points Zopa makes here, I'm not fully convinced by its argument and it hasn't been able to provide this service with any formal details showing the funds were incorrectly allocated by CC2 or what level of investigation it undertook to try to locate the funds at the time, even though it knew in February 2024 that Mr L had told them the funds had been returned. After all when he raised this again in April 2024 it managed to locate the funds fairly quickly thereafter, but it still took several weeks to actually credit Mr L's credit card account.

With that in mind like the investigator I feel Zopa could have done more to expediate the returned balance transfer back to Mr L's credit card account, which would have avoided the upset and worry he went through.

While Zopa will be disappointed with my decision, I feel this is a fair outcome here.

Putting things right

I instruct Zopa Bank Limited to pay Mr L £200 to a bank account of his choice for the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct Zopa Bank Limited to pay Mr L £200 to a bank account of his choice for the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 4 September 2024.

Barry White
Ombudsman