

The complaint

Mr D complains about the service he received from Hargreaves Lansdown Savings Limited ('HL') in connection with a withdrawal sent to an incorrect bank account and the difficulties he's facing trying to recover the money.

What happened

Some months ago, Mr D made a mistake when instructing a four-figure transfer from his HL account. He had intended to move money from his HL account to his nominated bank account. But when setting up his HL account he'd put in and then verified incorrect details for his nominated bank account. This resulted in the money being sent to an unintended recipient account with a third-party bank ('the receiving bank'). He hasn't so far had any success recovering the money.

HL said it had followed its correct procedure for verifying the bank details Mr D had provided and it had tried to assist by attempting to recall the payment from the receiving bank.

Unhappy with this response, Mr D brought his complaint to us and one of our investigators looked into what happened. The investigator didn't uphold Mr D's complaint. She was satisfied that HL had responded fairly to the complaint and said she wouldn't be asking HL to do anything further.

Mr D disagreed, mainly saying:

- HL's validation process wasn't sufficiently robust.
- The fact that none of the banks involved can trace the transaction suggests the banking system is flawed.
- He's been provided with incomplete and contradictory information.
- Consumer protection should be better.
- The amount involved is significant and the outcome does not adequately consider the impact of Mr D's loss.

The complaint has come to me 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.

I've carried out an independent review and having done so, I've reached the same conclusion as our investigator.

I am satisfied that this is a complaint I can consider as it concerns a payment services issue that falls within our jurisdiction.

As I understand Mr D's complaint, he is mostly concerned that HL didn't do enough to prevent him being able to input incorrect account details in the first place. And he's unhappy that neither HL, nor any of the other banks involved, seem able to help him get his money back. So I've made this the focus of my decision.

When Mr D signed up for his HL account, he would've agreed to the account terms and conditions. Mr D was required to set up a nominated bank account and he input the details for this online. It's not in dispute that, at this point, Mr D unfortunately made a mistake when he entered an incorrect sort code. He then authorised a transfer using those incorrect details.

I appreciate that Mr D feels that HL's system should have been set up in a way that would've flagged this error or otherwise made it harder for him to get this wrong. But how businesses choose to operate and the services they offer are matters that come under the oversight of the regulator - the Financial Conduct Authority (FCA). And whilst I sympathise with Mr D's situation, this service is not a 'consumer champion'. I must be impartial - we're not here to consider only the interests of the consumer. We provide an informal complaint handling service. My role is to consider the evidence presented by the parties and reach an independent, fair and reasonable decision based on the facts of the case and the evidence provided by both sides.

In order to uphold Mr D's complaint, I would have to find that HL made an error or acted unfairly or unreasonably.

There were different ways that HL could verify customers' accounts. When Mr D set up his nominated bank account online, HL sent him a validation code letter in line with its terms and conditions. So, I can't fairly say that HL did anything wrong.

We still expect a financial business to treat customers in a fair and reasonable way. There was a staged process requiring Mr D to enter the information telling HL where he wanted it to pay his money – and the verification process prompted him to check the details he had supplied. The onus was on Mr D to check his nominated bank account details were accurately recorded when he entered them. And it was his responsibility to check again that they were correct and up to date prior to requesting the withdrawal. I've also kept in mind that HL would have had no way of knowing that the bank account details Mr D had entered were incorrect. All in all, I think it was reasonable for HL to rely on the information Mr D had input on his account when carrying out the transfer he executed.

I can understand that Mr D has had some difficulty trying to piece together information. Things might have been different (and better for Mr D) if the incorrect details he supplied had resulted in the money going to a dormant account – or no account had been identified matching the details Mr D supplied. But it's now clear that, unfortunately, the information related to someone else's account. It isn't straightforward for Mr D to recover his money in these circumstances. Ultimately, it's up to the receiving bank to engage successfully with its own customer for this to happen. So there's a limit here to what else HL can do. And whilst I'd expect HL to take all reasonable steps to try and assist Mr D, as far as I can see, it has done so. And HL appears to have continued to try and facilitate recovery efforts.

After taking into account everything that Mr D and HL have told me, I haven't seen enough to show that HL did anything wrong or that it treated Mr D in a way that wasn't fair and reasonable. So I can't uphold this complaint and it follows that I have no power in these circumstances to tell HL to do anything further. This means I can't award the redress Mr D would like me to.

I understand this isn't the outcome Mr D hoped for, but I hope that setting things out as I've done helps explain how I've reached my conclusions.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 6 September 2024.

Susan Webb
Ombudsman