

The complaint

M, a limited company, complains that Newcastle Building Society trading as Manchester Building Society ("Manchester") didn't provide prompt access to funds in its savings account when withdrawals were requested.

Mr F brings this complaint on behalf of M.

What happened

Mr F told us M held an easy access savings account with Manchester, but he said M had been denied access to its funds. He said that in early September 2024 he posted a letter to Manchester, asking for some money to be withdrawn from M's account, which was operated by post. Mr F said he sent the letter using the addressed stamped envelope that Manchester provides.

Mr F said M needed the money urgently, to settle what it owed. But he said that almost two weeks later, Manchester claimed it still hadn't received his withdrawal request, because of a postal delay. Manchester then paid the money by direct bank transfer (not the cheque that Mr F was expecting) around 19 days later.

Mr F said M also faced delays with a second request for a withdrawal. He said this was posted on 19 September and not received by 30 September, when he spoke to Manchester. It agreed then to close M's account and forward all the money to M's nominated bank.

Mr F said when he complained on behalf of M, he received the response in the post the next day, as he'd expect with normal first class post. He contrasted this with how long Manchester said M's post took to arrive there. Mr F said he thought it was obvious that the delay was either deliberate, due to lack of funds, or a result of negligence by the staff at Manchester.

Manchester said that Mr F had contacted it on 16 September, to say he'd posted a request for a withdrawal from M's account the week before. Manchester said it hadn't received this request, but it checked that the interest it was paying had reached M's nominated account, then agreed to send the money there.

Manchester said it also spoke to Mr F on 20 September, he wanted it to send out some withdrawal forms and prepaid envelopes. Manchester said it told Mr F then that his first withdrawal request had finally arrived, and Mr F said to destroy it, so Manchester did so.

Manchester said Mr F then contacted it again on 25 September, to see if a withdrawal request sent around 19 September had arrived yet. It hadn't. Mr F called back on 30 September, and as his withdrawal request was again delayed, Mr F said he just wanted to close the account. Manchester said it took this request over the phone, as an exception, allowing the account to close and M to have all of its funds transferred.

Manchester said it wasn't in any financial problems, and it thought that all that had gone wrong here was a postal delay. It didn't think it had done anything wrong.

Our investigator didn't think this complaint should be upheld. He said that both M and Manchester rely on the postal service, and there was no evidence of when items were sent or delivered, so he didn't think that he could agree Manchester was responsible for any delay or failed delivery. Our investigator didn't think Manchester had acted unfairly, so he said that he wouldn't ask it to do any more.

Mr F wrote to disagree. He said Manchester claimed (after a considerable wait) not to have received M's first letter of withdrawal, and eventually agreed to transfer the money in response to his verbal request. He said it was only after this that Manchester said it finally received the written request.

Mr F said the second request also had a long wait, and a few phone calls, until he asked Manchester to close his account because he seemed to have lost access to M's money.

Mr F wanted to stress that Manchester's letters to M arrived within one or two days, but Manchester wanted him to believe that his letters were taking weeks to get to it. Mr F wanted M's complaint to be considered by an ombudsman, so it was passed to me for a final decision. And I then reached my provisional decision on this case.

My provisional decision

I issued a provisional decision on this complaint and explained why I did propose to uphold it. This is what I said then:

As a starting point, I do think that if a letter has been posted, it's then most likely that this letter will be delivered, and usually within a few days.

When we're looking at letters sent by a business, there is usually quite clear evidence that a letter was posted, because there's often a system record of it being issued. That's often not the same when an individual posts a letter to a business. So we have to look at other evidence to see if it's most likely that a letter was sent, and if so, when.

Here, we do have the contact notes for M's account with Manchester. I can see that Mr F had contacted Manchester a few times previously, saying he wanted to withdraw funds or to close M's account. These requests presumably weren't followed up, as Mr F hasn't mentioned those.

But on 4 September 2024, Mr F rang again. He said he was going to close M's account. And we know he did send a withdrawal request, which he'd dated 7 September 2024, to Manchester after this. We know this was sent, because it did eventually arrive.

I can see that Manchester didn't acknowledge receipt of this first request until quite some time after this. Before I could make a finding on why this delay happened, I have to decide when it's most likely this first withdrawal request was sent.

Mr F told Manchester that he'd put this withdrawal request in the post on Sunday 8 September. On 16 September, Mr F checked if this had yet arrived. Manchester said it hadn't, and it did then process his withdrawal request over the phone.

Manchester said the problem here was that it didn't get Mr F's letter until 20 September. Manchester has blamed the delays on the post. Given the timing of Mr F's calls, I do think it's most likely that Mr F sent this letter on 8 September.

So Manchester says a postal delay meant it didn't receive Mr F's first withdrawal request until almost two weeks after it was sent. A delay like that would be quite unusual, and Manchester hasn't shown us any evidence to support what it says about this. So I think it's simply more likely than not that this letter was received by Manchester rather earlier than 20 September, just because letters generally don't take that long to arrive.

If there was such a delay, I would expect Manchester to be able to show some evidence of it. Manchester can offer more on this point if it wishes to, but at the moment I think it's more likely there was a delay in routing and processing this mail within Manchester.

I don't think that the payment made to M, in response to Mr F's first withdrawal request, arrived substantively later than it otherwise would have done, if Mr F's postal request had been received and processed promptly by Manchester. Mr F told Manchester he had put this in the post on Sunday 8 September, and he was expecting to receive a cheque in return. So this request then had to be routed to Manchester, received and processed, and a cheque had to be generated and sent to M. A cheque would then take another couple of days to reach M, then a little longer to bank and clear.

Instead, Manchester transferred the money on 16 September. I think it's unlikely that M would have had this money before 16 September even if Manchester had received his withdrawal request on time, and actioned it promptly.

But because Mr F's withdrawal request doesn't appear to have been received and promptly actioned by Manchester, that meant Mr F had to contact Manchester, and make a complaint, to get M's money sent to him. I don't think he should have had to do this, so I'll bear that in mind when I think about compensation.

Mr F then says he sent a second withdrawal request. He said this was sent around 19 September. The evidence around this is less clear, because this request doesn't appear to have arrived with Manchester. So again, I have to consider the other evidence here.

I note that Mr F spoke to Manchester on 20 September, to ask for some withdrawal forms and prepaid envelopes to be sent to him. He doesn't appear to have asked if his very recent withdrawal request had been received, then. So I think it's a little more likely that Mr F's second withdrawal request was sent a bit later than he said.

I cannot be confident that this letter was sent as Mr F said, so I can't say it's more likely that Manchester again caused a delay here. And I would also say that even if Mr F had sent a second withdrawal form to Manchester on 19 September, there was again no substantive delay in M receiving its funds, as this money was sent by bank transfer on 1 October.

Overall, I do think Mr F has had to engage rather more than I would expect with Manchester to make sure his first withdrawal request was processed. And on the evidence I've seen to date, I think that's more likely to be down to delays with Manchester, than a delay with the postal service. So I think Manchester should pay M compensation of £100 now, to make up for time that Mr F spent on this which would otherwise have been devoted to running M's business.

Both parties should be aware that my decision here may change, following the provision of additional evidence. But at the moment, I think this would provide a fair and reasonable outcome to this complaint.

I invited the parties to make any final points, if they wanted, before issuing my final decision. Both sides replied.

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 F wrote to agree with my decision. He repeated that his withdrawal request had been sent as he said.

Manchester wrote to object, and sent further evidence. It was unhappy that I'd suggested it may have received M's withdrawal request earlier than it had said. It said Mr F's original request had been stamped when it was received and opened, and that was 20 September. It said its system notes confirmed this.

Manchester said its arrangements for incoming post are very simple, in keeping with the size of its operation. It said it only receives a relatively small number of items of post each day, and that post is opened in the same room as the relevant team processing these requests. So Manchester thought this should be evidence it hadn't received the withdrawal request that Mr F sent until 20 September 2024.

My provisional decision was that it was unlikely that a letter Mr F did seem to have posted on 8 September, didn't arrive until 20 September. Manchester has now sent our service a copy of a withdrawal request stamped 20 September 2024, and a note showing it receives only a very few items of post each day.

The evidence that Manchester has shown us doesn't prove when the item was received, only when it was processed. However I don't think it would be in Manchester's interest to have a backlog, nor does that seem likely when the flow of incoming mail is relatively modest.

That said, my award was made in this case, because I thought Mr F had been obliged to contact Manchester rather more than I would have thought ought to be necessary, to make a withdrawal. I think it would be reasonable for Mr F to expect that his mail would be delivered within two or three days, and my provisional decision was that Mr F's recent request for a withdrawal seems to have been delayed.

I note that Manchester's written responses to Mr F appear to accept that it has twice experienced postal delays of this sort of scale. If that were the case, then in circumstances where Manchester has provided for this account only to be managed by mail, I would expect it to have taken steps to check for and resolve any postal delays. Manchester hasn't done that, or offered any other explanation of why Mr F's post apparently takes so long to arrive.

Even if I were to entirely accept Manchester's version of events here, I would still say Mr F's post has taken a surprisingly long time to arrive with Manchester, and Manchester's lack of action over this is part of why Mr F then decided to close M's account altogether.

So, whether Mr F's post wasn't opened promptly, or whether it was delayed and Manchester didn't take steps to prevent that recurring, I would still say that Mr F has been put to trouble that he should not have experienced. And either way, I still think Manchester should pay M £100 in compensation for that.

And that means I haven't changed my mind on what constitutes a fair and reasonable outcome here. I'll now make the decision I originally proposed.

My final decision

My final decision is that Newcastle Building Society trading as Manchester Building Society must pay M £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask M to accept or reject my decision before 4 March 2025.

Esther Absalom-Gough

Ombudsman