

## The complaint

R, a limited company, complains that Coutts & Company removed a payment from their account five months after it had been credited. They'd like these funds returned to them.

## What happened

The background to this complaint is known to both parties, and largely not in dispute. So, I will mention it only briefly here.

R received a payment of \$14,958.90USD into their Coutts USD client account in December 2022. They later passed the funds on to another party. But in May 2023 Coutts withdrew the full amount from the account.

In August 2023 Coutts sent an email to R to ask for further information. R supplied this information, but the funds still weren't released.

Unhappy with this R complained to Coutts. The bank explained that they had carried out routine checks when the funds were received and were satisfied with the results. But the correspondent bank had decided they couldn't release the funds, and further information was needed from the remitting banks. The bank apologised for setting unrealistic expectations.

Not satisfied with this answer, R referred their complaint to our service. They asked for the funds to be returned to them, arguing that because they had paid them forward, they were now at a loss.

Our investigator thought the complaint should succeed, in part. They were satisfied that the correspondent bank was holding the funds, and that this was outside of Coutts control. But they thought the bank should have been clearer that the funds hadn't yet cleared, and the credits were in advance of that. They still thought it was possible for the client to either provide the required information to the respondent bank, or to make the payment by another means, so didn't think Coutts should repay the full amount. But they accepted that the poor communication by the bank had caused disruption to R's business. They suggested Coutts pay R £100 compensation.

Coutts accepted this. But R declined, feeling that this represented a large loss to them, and that no party had helped them recover their funds. They requested the complaint be reviewed by an ombudsman, so the complaint was passed to me to decide.

Upon review, I reached the same overall conclusion as the investigator, but thought that the compensation should be higher. I issued a provisional decision which said:

*Coutts have said that they credited R's account with the \$14,958.90USD, even though the checks on the payment hadn't been completed. It was only after the amount was credited that funds were placed on hold by the correspondent bank – the bank tasked with transferring the funds to Coutts by the sending bank.*

*Having reviewed the correspondence between the banks, I'm satisfied that the funds have been held by the correspondent bank. It would be up to the correspondent bank to decide*

*when to release the funds, and I understand they've asked for further information from the sending party that they haven't received. I can see from the communication Coutts have tried to remain updated and progress the payment – but they can't compel the correspondent bank to send the funds.*

*This complaint is against Coutts. R doesn't have a direct relationship with the correspondent bank or the sending bank, so I can't consider those bank's actions, or whether keeping the funds is reasonable. I can only consider Coutts actions in this instance.*

*Unfortunately for R, this leaves them in a situation where they haven't received the funds. Coutts credited R's account in advance of the funds being received, which is not uncommon. Typically, it would go unnoticed, as the funds would be received shortly after. In this case though R has made use of those funds, and Coutts has withdrawn them almost five months after crediting them.*

*As the funds weren't received, I don't think it's unreasonable for Coutts to have debited this amount from R's account. Because of the nature of the concerns about this payment, it wouldn't be appropriate for me to direct them to pay these to R. I see that this is an issue the sending party will have to resolve.*

*But I haven't seen anything to suggest R were made aware of any potential problem with these funds. This is despite the banks being aware of an issue from the day they were credited to R's account.*

*If Coutts had told R that the funds could be debited at this point, R may have chosen not to send them on. Although from the statements I can see the funds were moved on only five days afterwards. But in any event, I see that better communication from Coutts would have reduced the disruption and inconvenience caused to R – so I'm satisfied it's right that Coutts pay some compensation to reflect that.*

*Considering the length of time between the funds being credited and debited, and the overall level of communication from Coutts, I'm minded that £300 would be a reasonable amount.*

*This was accepted by Coutts. R replied to reiterate that Coutts had credited their account and only removed the funds months later, after they had already been passed on. They didn't see the compensation as adequate and asked for the \$14,958.90USD to be repaid.*

### **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 considered everything, I remain satisfied with the conclusions reached in the provisional decision.*

*I sympathise with the position R is in, through no fault of their own. But fundamentally here they haven't received payment. And I'm satisfied that Coutts are not able to compel the correspondent bank to release the funds.*

*I'm satisfied Coutts have made an error here – but its in crediting the funds to the account when they hadn't been received, and not explaining this point to R at the earliest opportunity. Had the bank done so, then R may have made a different decision to sending the funds onwards. But I don't see it as unreasonable that Coutts ultimately removed the credits from R's account.*

As mentioned in the provisional decision, because of the nature of the concerns the correspondent bank has about the funds it wouldn't be appropriate for me to make award the value of these funds. But it's right that Coutts compensate R for the inconvenience and disruption caused.

### **My final decision**

My final decision is that I uphold this complaint and direct Coutts & Company to pay R £300 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask R to accept or reject my decision before 5 March 2025.

Thom Bennett  
**Ombudsman**