

The complaint

Miss R complains that Capital One (Europe) plc ('Capital One') mishandled her request to recall a balance transfer when she made a mistake.

Miss R wants her balance transfer to be recalled as she's out of pocket by £900.

What happened

Miss R opened a new credit card with Capital One and applied for a £900 balance transfer. However, Miss R input two digits incorrectly on the application so on 13 November 2024 £900 was credited to an unknown person's account at the receiving bank.

Miss R and Capital One had many long phone conversations between 14 November 2024 and 4 December 2024. Capital One said they'd raised a balance transfer recall - but Miss R was told there was no set time frame for this process, and the £900 wasn't returned.

Miss R raised a complaint with Capital One and they upheld this in part, offering Miss R £100 compensation for four incidents of misinformation and for disconnecting her from a call. Capital One did not accept they should have given Miss R a timeline for the recall process.

Miss R referred her complaint to the Financial Ombudsman Service explaining that this matter was causing her a lot of stress and anxiety and exacerbating her ill health and financial difficulties.

Our investigator obtained some further information from Capital One and concluded that they'd not been unreasonable in failing to give a timeframe for a process that involved the cooperation of the receiving bank, which they couldn't control. Our investigator also considered that Capital One's errors were fairly compensated by the £100 they'd paid to Miss R.

Miss R asked for an ombudsman to review this matter which she said had significantly impacted her personal life, health and finances. She explained she'd delayed her wedding and had to take out a bank loan to pay off the £900 balance she'd hoped to clear using the balance transfer.

I asked Capital One to provide recordings of their calls with Miss R and evidence the steps they'd taken to recall the balance transfer. This resulted in a further balance transfer recall form being sent to the receiving bank.

My provisional decision

I recently sent the parties my provisional decision, as follows:

"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. I've taken into account any relevant law and regulations, the regulator's rules, guidance and standards, codes of practice and (where appropriate) what is considered to have been good industry practice at the relevant time.

The parties should note I have not responded to every individual point raised – I am not required to do this – but I reassure both parties I have reviewed all the available evidence and submissions to reach what I think is a fair outcome for this complaint.

I think it would be helpful to explain the role of the Financial Ombudsman Service is to resolve individual complaints based on what is fair and reasonable in the circumstances of each case. So it is not for this service to interfere with a firm's processes, systems or controls nor can we fine or punish a business, as these are considerations for the Financial Conduct Authority ('FCA') as the regulator.

I recognise Miss R has concerns about the checks Capital One could have in place to prevent mistakes with payment information, such as Confirmation of Payee. On this occasion it was Miss R's responsibility to check that the payment details given were correct before submitting them. Ultimately Miss R accepts she made a mistake, so I've focused on how Capital One engaged and supported her when she tried to fix this which I think is the heart of this complaint.

Having done so, I intend to uphold Miss R's complaint in part. I intend to say Capital One should pay Miss R £300 in total for her distress and inconvenience – so a further £200 – but I'm not requiring Capital One to return the missing £900. I'll explain why.

I'm minded to say Capital One haven't met their obligation to make "reasonable efforts to recover" Miss R's balance transfer transaction under Part 90(2) of the Payment Service Regulations 2017 ('PSR 2017').

I say this because Capital One's first balance transfer recall form contained errors that were only identified and corrected following correspondence between Capital One and the Financial Ombudsman Service. I'm inclined to say the errors could reasonably have been identified by Capital One when Miss R rang on multiple occasions for updates and was reassured the balance transfer recall was underway, or when her complaint was reviewed in depth by Capital One's complaints team.

Further, Capital One said the receiving bank hadn't acknowledged their first recall form so I'm minded to say it would have been reasonable for Capital One to make enquiries about whether their recall form had been received or if there was a problem with it. Capital One haven't produced any evidence by way of account notes or copy correspondence to show they actively chased the receiving bank for a response to their first recall form.

Capital One recently sent a corrected balance transfer recall form and I've seen the receiving bank's acknowledgment of this on 11 February 2025. Given Miss R notified Capital One of her mistake on 14 November 2024, I'm minded to say there has been an unreasonable delay in providing the receiving bank with the relevant information for the recall request to be considered.

I think it is important to be clear that Capital One are not under an obligation to return Miss R's £900 in these circumstances, as they are only required to take specific steps set out in the PSR 2017. Ultimately, it may be that Miss R needs to pursue a separate civil claim for the return of the £900.

This is emphasised by the FCA's guidance paper "Payment Services and Electronic Money – Our Approach" (November 2024, version 6) which states:

"8.331: If the payer's PSP is unable to recover the funds and the customer provides a written request, the PSP must, under regulation 90(4) of the PSRs 2017, provide to the customer all

available relevant information in order for the payer to file a legal claim for repayment of the funds.

8.332: We would expect the relevant information provided pursuant to regulations 90(3) and (4) of the PSRs 2017 to include the payee's name and an address at which documents can be effectively served on that person. When providing information to its customers to ensure fair and transparent processing of personal data (eg in a privacy notice), as required by applicable data protection legislation, a PSP should take account of its potential obligations under regulations 90(3) and (4) of the PSRs 2017."

I am mindful that this is an evolving situation, and the recall may yet be successful. However, if it is not, I would expect Capital One to follow the FCA's guidance above when requesting relevant information from the receiving bank. The parties can update me with the position in response to this provisional decision.

I also intend to say that Capital One haven't met their Principle 7 obligation in the FCA's Handbook of rules and guidance to "pay due regard to the information needs of its clients and communicate information to them in a way which is clear, fair and not misleading."

I say this because:

- (i) On 14 November 2024 two agents from Capital One incorrectly told Miss R there was nothing they could do to recover the balance transfer.
- (ii) On 18 November 2024 Miss R was incorrectly informed that the issue with her bank transfer had been rectified – only for her to ring back a short time later to question this and be told it wasn't resolved.
- (iii) On 18 November 2024 Miss R was incorrectly informed that her balance transfer was processed on 16 November 2024 and not on 13 November 2024. This upset Miss R as on 14 November 2024 she'd been (correctly) informed that it was too late to stop the balance transfer.
- (iv) Miss R was repeatedly informed that there was no timescale for a balance transfer recall process, and I'm minded to say this was unfair and didn't reflect good industry practice. The (voluntary) Code of Best Practice for Misdirected Payments 2014 set a benchmark for firms to act within two working days of being notified of a misdirected payment and outline the various options open to their customer if the funds couldn't be recovered within 20 working days. At the very least, I'd expect Capital One to tell Miss R when she could expect an update and provide these at regular intervals.
- (v) On 15 November 2024 Capital One missed an opportunity to signpost Miss R to independent sources of help and advice, given her disclosed vulnerabilities.
- (vi) On 4 December 2024 Capital One didn't pay due regard to Miss R's request for an update – this call was treated as a request to lodge a fresh balance transfer recall. Miss R was asked to repeat the details of what had happened, and she wasn't given the information she required.

Capital One have acknowledged the first three points in their response to Miss R's complaint, and they credited her account with £100 to recognise Miss R's distress and inconvenience. I've considered if this goes far enough in these circumstances.

I'm mindful that Miss R has recently informed this service that she's taken out a loan because of the delay in getting her £900 returned and the financial impact of the ineffective balance transfer. I'm sorry to hear of how her health has suffered and that she's had to delay her wedding.

In considering a fair resolution to this matter I must recognise that it arises out of a mistake made by Miss R and that Capital One aren't under an obligation to return the £900 to her.

I'm mindful that Capital One did explore the option of a further balance transfer with Miss R so she could pay off her other credit card as intended – and the repayment options on the balance transfer may have been more favourable than the loan. Miss R didn't want to risk this at the time.

I'm also mindful that the balance transfer recall wasn't guaranteed to be successful even if it had been processed promptly. I also bear in mind that the £900 may yet be recovered by Miss R, either through the recall or through a civil claim.

So, bringing all of that together, I'm not minded to say Capital One should contribute to the loan or repay the missing £900 to Miss R.

However, for the reasons I've stated, I'm of the view that Capital One haven't treated Miss R fairly in these circumstances. I accept Miss R was always going to be worried and spend time on the phone trying to sort out her mistake, but I'm of the view Capital One have significantly added to her distress and inconvenience here. I intend to say a fair sum to reflect this would be £300 in total – so I propose that Capital One should pay a further £200 to Miss R.

For the reasons I've outlined, my provisional decision is that Capital One should now take the following action:

- (a) Pay Miss R a further £200 (so £300 in total) for her distress and inconvenience*
- (b) Contact Miss R to provide an update in relation to the balance transfer recall."*

Responses to my provisional decision

Capital One accepted my provisional decision and said they hadn't heard back from the receiving bank since they sent their updated recall form. Capital One said they'd chased this with no response and they were limited in what they could do, given they were relying on the receiving bank responding to them.

Miss R expressed disappointment and frustration that she hadn't received any update from Capital One and said Capital One's communication had been shocking.

Miss R also said she was hoping Capital One would provide her with relevant information so she could issue a civil claim against the recipient of the £900. Miss R confirmed she'd not yet been able to formally ask Capital One to do this as she was experiencing some personal issues that had to take priority, even though this matter is very important to her.

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'm grateful to the parties for keeping me updated with this matter and I've considered the points made in response to my provisional decision.

Having done so I've seen no reason to depart from the findings I reached in my provisional decision, as set out above, and I adopt them here.

I recognise Miss R's frustrations with Capital One's communication. I also acknowledge that from Capital One's point of view, they have no news to give Miss R.

I would typically expect the receiving bank to have responded to Capital One's recall request, as it's now been more than 20 working days since they received it.

I think it's important to reiterate that the Payment Service Regulations 2017 require Capital One to provide Miss R with all available relevant information to file a legal claim if Miss R writes to Capital One and asks for this.

As I set out in my provisional decision, the FCA's guidance is that all available relevant information should include the *"payee's name and an address at which documents can be effectively served on that person"*.

So this is what I'd expect Capital One to ask the receiving bank for, if Miss R makes a written request for information, although they'll only be able to give Miss R the information that's available to them.

It may help both parties to know that the receiving bank is under an obligation to provide this information to Capital One if they request it.

I am sorry to hear that Miss R's experiencing ongoing difficulties and I hope she has support. Miss R may find it helpful to contact the Citizens Advice Bureau for reliable, free, confidential advice. Miss R can do this online at <https://www.citizensadvice.org.uk/> or by telephoning their Advice Line on 0800 144 8848.

Putting things right

Capital One (Europe) plc should now take the following action:

- (a) Pay Miss R a further £200 (so £300 in total) for her distress and inconvenience
- (b) Contact Miss R to provide an update in relation to the balance transfer recall

My final decision

For the reasons I've outlined I uphold this complaint in part and require Capital One (Europe) plc to put things right as I've set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss R to accept or reject my decision before 21 April 2025.

Clare Burgess-Cade
Ombudsman