

The complaint

Miss W complains about the service she received from Zempler Bank Limited (“Zempler”) when she asked it to recall money she’d paid into in account in error.

What happened

On 9 December 2024, Miss W instructed Zempler to transfer £2,000 to a third party. But after making the transfer she believed she’d sent the money to a closed account. So, she contacted Zempler by phone and asked it to return the money.

During the phone call Miss W told Zempler that she thought the account she’d sent the money to be closed and that she believed the account holder was in prison. Zempler told Miss W that if the account was closed the money should bounce back to her account within a day or two. And that if this didn’t happen she could contact them again and Zempler would try and recover the money on her behalf. Zempler warned Miss W that this wasn’t always guaranteed to be successful.

Later the same day Miss W called Zempler again. During the call she told Zempler that she had been in touch with the receiving bank and that she had in fact entered the wrong account details when sending the £2,000 and the money had been sent to someone she didn’t know. Miss W gave Zempler the details of the person she had intended the payment to reach – which was a completely different account with a different bank.

In response, Zempler told Miss W that it would escalate her payment recall under its Credit Payment Recoveries (CPR) process and that this would normally take 20 days. Zempler told Miss W that it would treat her request as urgent. And sent Miss W’s request to its team who deal with CPR’s.

The team completed its due diligence checks and decided it needed more information from Miss W before it could start the retrieval process and sent Miss W an SMS asking her to get in touch – in particular they wanted to know:

- Whether the payment been sent to an old account in the name of the intended beneficiary and if so, had the beneficiary tried to retrieve the funds from their bank?
- Or did Miss W input the completely incorrect account details, so she didn’t know where the payment had gone?
- Had Miss W attempted to contact the beneficiary and what the outcome of this was.

Miss W didn’t respond to the SMS. So, Zempler were unable to raise a CPR on Miss W’s behalf.

On 12 December 2024, Miss W sent Zempler an email asking for an update on the recovery process. She told Zempler that she needed the money returned as soon as possible and had being without the funds had left her struggling to cope financially which had taken a toll on her mental health.

In response, on 13 December 2024, Zempler emailed Miss W and asked her to provide the information it had requested on 9 December 2024. Miss W didn't respond and contacted Zempler on 27 December 2024. During the call Zempler reiterated the information it needed from Miss W and on 30 December 2024, Miss W emailed Zempler with the information it had requested.

Following this, on the same day Zempler raised a CPR claim on behalf of Miss W with the receiving bank. The receiving bank told Zempler that it had only managed to recover just under £200 as the rest of the money had been spent by the beneficiary. Zempler returned the recovered funds to Miss W's account.

Miss W complained to Zempler. She thought Zempler had taken too long to raise her claim and had delayed things by asking her for the same information she'd provided when she initially contacted Zempler. All of which she said made it less likely that she would get her money back.

Zempler didn't uphold Miss W's complaint and said it hadn't made an error and had taken reasonable steps to recall Miss W's money back.

Miss W didn't accept this and referred her complaint to this service. Our Investigator didn't uphold the complaint. They said Zempler had complied with CPR guidelines and had done what he'd expect to recall Miss W's money. Miss W disagreed. She said the further evidence Zempler requested amounted to nothing more than she'd already given when she first contacted Zempler. And had a stop been put on the funds immediately she would have been able to get her money back. Instead, it had been spent, and she was now out of pocket.

As no agreement could be reached the matter has come to me to decide.

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 considered whether Zempler treated Miss W fairly when trying to recover the payment once it had been made aware that Miss W had sent them to the wrong person. When this happens, we expect the bank sending the money to make reasonable efforts to recover the funds. But they can only try to do this on a best endeavours basis which isn't guaranteed to be successful.

Miss W made a payment of £2,000 by mistake to a wrong account. She can't get the money back as she doesn't know the account holder – and can't contact them - so she is out of pocket. She believes that if Zempler had acted quicker when she called them after realising her mistake – they could've got the money back. She's now suffering hardship as she's lost the money.

It's not in dispute that Miss W made a mistake when she sent the money to the wrong account. And it was sent by the "faster payments" method – which means that it would've been credited to the beneficiary's account almost instantly. In these circumstances, it's our role to ensure that Zempler did what was required of them to try to get the money back. Here, we look to the Payment Services Regulations - which say that a bank should take "reasonable steps" to recover funds that have been mistakenly applied to an account. And there are industry standards for recalling faster payments which are: Bank and building societies in the UK that offer Faster Payments follow procedures known as the Credit

Payment Recovery process, that set out how the help they must offer customers that have accidentally made a mistake when sending a payment.

These say:

- When you notify your bank or building society that you have made an electronic payment to the wrong account, your bank will commence action on your behalf within a maximum of two working days.
- Where your bank finds clear evidence of a genuine mistake, they will contact the receiving bank on your behalf with a request to prevent the money being mistakenly spent. As long as the recipient does not dispute your claim, you will subsequently receive a refund of the protected funds within 20 working days from when you notified your bank.
- In cases where the circumstances of the claim are not clear cut, your bank will still contact the receiving bank on your behalf. The recipient will be contacted by their bank to ask for consent to debit their account. No funds would be removed without the consent of the receiving customer.
- If it is not possible to reclaim a payment you have sent in error – for instance if the recipient disputes its return – you will be notified of the outcome within 20 working days from the point of your enquiry and in many cases sooner.
- If funds cannot be recovered through the standard central process your bank will give you clear and accurate information on the options, you have available – such as court action against the recipient.
- The industry procedures do not change the legal rights and responsibilities of you, your bank or the recipient of the funds. Anyone that intentionally spends money that does not belong to them is committing a crime, which can be reported to the police.

The CPR process also sets out that effective and thorough due diligence is critical to the CPR process as it ensures that the facts of the claim can be established by gathering evidence about the transaction. The CPR process allows the sending and receiving customers and banks an equal opportunity to provide information, which will help either support or disprove the claim.

The due diligence process starts during the initial contact with the sending customer and must be completed to allow a claim to be submitted no more than 2 working days from the customer first contacting the bank. This due diligence should include:

- Through questioning, the bank establishing the facts of the case and deciding if it is within scope of CPR.
- Asking the sending customer for an explanation of how the mistake happened and the circumstances of the error.
- For bank errors, locating evidence of the error from bank records/systems. If there is no evidence the bank must satisfy itself that the claim is genuine before processing through CPR.
- In cases of a misdirected payment, identifying the name, account number and sort-code of the intended recipient by asking the customer.
- Checking the sending customer account for the debit entry and for any corresponding credit entry, which may indicate that a refund has already been received.
- For customer errors, if the sending customer knows the recipient, asking if they have

tried to contact them to recover the funds directly, as this might result in faster resolution. Confirming the reason why the customer is unable to deal directly with the receiving customer.

The faster payments rules also say, "Faster Payments, once sent, cannot be cancelled". So – even though Miss W called Zempler straight away when she realised her mistake, they couldn't have stopped the payment.

I've looked at what Zempler did – and they followed these guidelines. They started the recall process on 9 December 2024 internally but realised it needed more information from Miss W to complete its due diligence checks. So, it sent Miss W an SMS requesting her to get in touch and provide information so that it could clarify what had happened regarding the payment.

I appreciate Miss W has said she had given Zempler the information it requested when she called them on 9 December 2024, and she feels Zempler's request was a duplication and unnecessary. But having listened to both call recordings of the phone calls Miss W had with Zempler on 9 December 2024, I don't think Zempler acted unreasonably when it asked Miss W for more information. And did this in line with CPR guidelines.

I say this because Miss W had provided two very different explanations about the payment – initially she said she had sent the money to a closed account. She then told Zempler she had simply entered the wrong account details. I note too that Miss W also told Zempler that the reason she wanted to recall the money was because the intended beneficiary had died. So, I can understand why Zempler took the decision that it needed to clarify things with Miss W.

Miss W has made the point that the recovery of the money should've been straightforward and Zempler should have acted more quickly than it did. But Miss W didn't respond to Zempler's request for more information until 30 December 2024. It's not clear to me why Miss W didn't respond to Zempler sooner than she did. But I can't hold Zempler responsible for this. So, I can't say fairly that Zempler should've tried a recall earlier than it did as it wasn't until 30 December 2024 Miss W gave Zempler the information it needed to complete its due diligence checks.

As soon as Zempler had the information it processed Miss W's claim on the same day – the 30 December 2024, which is within the two-day guidelines. So, Zempler followed the industry processes here and didn't make an error in trying to resolve what happened.

Furthermore, I can also see that it did all it could within the powers it had to try and retrieve the payment for Miss W by directly asking the recipient to return the funds to their account. Unfortunately, by this point the funds had been spent and a response to this request wasn't received and so Miss W remains out of pocket. But again, as this wasn't due to any mistake or error on Zempler's part, I don't think it would be fair to ask Zempler to refund the payment. I do sympathise with Miss W as she has lost a not insignificant amount of money but having considered everything carefully I don't think this is due to the action or inaction of Zempler, but rather purely down to an unfortunate mistake made on her behalf. After considering all the evidence I think it was Miss W who set up the payment and entered the wrong information in the recipient account completely independently of Zempler and Zempler merely carried out this instruction.

It follows I don't uphold Miss W's complaint as Zempler haven't made an error or treated Miss W unfairly as it did all it could reasonably do to retrieve the payment and Zempler is under no obligation in the circumstances to refund the payment.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 15 December 2025.

Sharon Kerrison
Ombudsman