

The complaint

Mr M complains Lightway Finance Limited (Lightway) won't pay him back £3,000 he paid to one of its accounts.

What happened

Mr M uses Lightway to send money overseas, and paid £3,000 to an account he'd used before, but Lightway says is no longer in use. Mr M raised a credit payment recovery with his bank, but it couldn't recover the money.

Mr M's bank sent him a letter confirming the name of the account holder, so he could take legal action, and the name is the former trading name of Lightway.

Mr M complained to Lightway, and it said he'd paid the money to an account no longer in use and one Lightway no longer had access to. Lightway said it had tried to recover this money from its former bankers, B, but without success.

Unhappy with this response, Mr M brought his complaint to this service. An investigator looked into things and thought Mr M's complaint should be upheld.

The investigator said the money Mr M paid out went to an account in Lightway's name, but there seemed to be an underlying dispute between Lightway and B. The investigator accepted Mr M made an error, and had paid Lightway at its new bankers before.

But the investigator didn't think it was fair to hold Mr M liable for a dispute between Lightway and B, so they thought Lightway should pay Mr M the £3,000 he paid to the account at B and a further £250 to compensate for the worry and inconvenience he was caused.

Mr M accepted this outcome, but Lightway didn't. Lightway said Mr M knew not to pay to the old account, so it was unfair to hold Lightway responsible for Mr M's error. Lightway said it understood this service's role was to protect Mr M, but the outcome was unfair.

Lightway mentioned the authorised push payment (APP) rules, and said the issue lies between Mr M and the receiving bank, B. Lightway said it didn't cause the loss here, as Mr M paid to an account where Lightway doesn't hold the money or have access to it.

Lightway asked for an ombudsman to decide things.

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.

This service isn't necessarily here to protect consumers, rather to impartially consider a

complaint between a consumer and a regulated business and resolve it in a fair and reasonable manner.

So, I'm not reaching my decision having only considered what Mr M says, I've also carefully considered what Lightway's said.

There's no dispute Mr M paid to an account he'd been told not to pay to. And it seems Mr M had made payments to a new account, before he paid £3,000 to the old one held at B, so I'm satisfied Mr M made a mistake here.

Lightway said it had asked to close the account it holds at B, but it's clear the account is still open. And it's clear this account was credited with Mr M's £3,000.

It's also clear there's an underlying dispute between Lightway and B, and this is why B refused the payment recall from Mr M's sending bank.

But I don't think this dispute, between Lightway and B, is Mr M's concern.

Mr M's made a payment to an account in Lightway's name, I think it's unfair for Lightway to now say this is a dispute between Mr M and B.

Lightway's mentioned the APP rules, but Mr M didn't pay to B as part of a scam, he paid there in error. I don't think it's fair to say Mr M acted without due diligence and therefore shouldn't be able to recover his money, ultimately Lightway received the payment.

I understand Lightway doesn't have access to this money, but I don't think this changes the core issue here, I think Lightway received Mr M's money and its dispute with B is stopping it accessing the money. I don't think this is a problem Mr M should be caught in.

Lightway suggests B will refund Mr M direct, but I'm not sure this is the case. Even if B is going to refund Mr M, Lightway can use this decision to show it's already refunded Mr M, and B should pay the money to it instead.

Ultimately, I think Lightway received Mr M's money, so it's fair for it to return it to him.

I also think Mr M's been distressed by Lightway's responses about recovering money he paid it. I think Mr M will have had some considerable worry this money had been lost.

And Mr M's been put to some inconvenience, having to start the recovery process at his bank, even though Lightway received the money.

Like the investigator, I think Lightway needs to compensate Mr M for this, and a payment of £250 seems fair in the circumstances of this complaint.

My final decision

My final decision is I uphold this complaint and Lightway Finance Limited must pay Mr M

- £3,000, the payment he made in error
- £250 to compensate him for the distress and inconvenience he's been caused

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 22 October 2025.

Chris Russ
Ombudsman