

The complaint

Mr W complains that Bank of Scotland Plc (BoS) delayed giving him a payment made to a closed current account.

What happened

Mr W said he had a protracted dispute with a government department about a fee he paid twice. In March 2024 the government department told Mr W a refund had been processed a few days earlier and paid back to the account used to make the original payment. In March 2025 they gave Mr W the name of the account used to make the payment, plus the last 4 digits of the card used to make the payment. They also provided the acquirer reference number. In June 2025 Mr W sent this information to BoS and asked it to transfer the refund to his new account with another bank. About a week later, in early July 2025, Mr W sent another letter to complain he'd not received a response. He sent a third letter about ten days later. And a fourth three weeks after that, in early August 2025.

BoS acknowledged Mr W's complaint in mid July 2025 and issued its final response in early August. It said it had located the refund in its suspense account and transferred that amount to Mr W as requested. It said there had been no bank error. It said there was no way to locate who the funds belonged to from the transaction. Once Mr W brought the matter to its attention it had looked for the funds and transferred them to him within 24 hours of finding them. Mr W brought his complaint to this service. He thought BoS should pay interest on the amount transferred from the date BoS received the funds up to when they were given to him. Plus £250 for the distress he experienced trying to get the money back.

Our investigator thought BoS had acted fairly and didn't think it needed to do anything more. As Mr W didn't agree, his complaint has been referred to me to make a final decision.

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.

There are two questions to answer here. Should BoS have done more when it received the funds from the government department in March 2024? And did it respond to Mr W within a reasonable timescale when he approached BoS in June 2025?

On the first issue, Mr W said he closed his account with BoS shortly before the funds were returned to his account in March 2024. He thinks BoS must have known who the money was intended for and should have transferred the money to him at that time. But BoS has said it had no option but to hold the funds until they were claimed. And I think that's reasonable in the circumstances. As Mr W's account was closed at the time the refund was made, BoS could either return it to the merchant or put the payment into its suspense account. As it couldn't return this payment to the merchant, it put it in its suspense account. Mr W had closed his account so he wasn't a customer of BoS at that time. It wouldn't have known whether or not the details previously held for him were up to date. And it wouldn't have

known what to do with the funds. So, I think it was reasonable for BoS to put the funds into its suspense account and wait until Mr W contacted it.

As for the second issue, once Mr W contacted BoS in June and July 2025, it took action in a reasonable timescale. I know Mr W doesn't agree. But I've seen evidence that shows it didn't receive Mr W's posted letter of June 2025 until later in July and it also took a few days until BoS received the letter he sent by post in early July. It then acknowledged that letter within a week of receiving it. And issued a final response at the beginning of August, within the timescales I'd expect for a complaint of this nature. It said it took until then to find the funds but, once it had done that, it returned the funds within 24 hours.

I recognise Mr W is frustrated by the time it took to get the refund from the government department and then by the time it took BoS to forward that payment to him. It's not my role to comment on the actions of the government department. But I'm satisfied BoS took action to find and transfer that payment to Mr W within a reasonable length of time once he contacted it. As such, I don't think it needs to do anything more.

My final decision

For the reasons stated above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W to accept or reject my decision before 26 February 2026.

Richard Walker
Ombudsman