

The complaint

Mr G complains that Lloyds Bank PLC did not act promptly when he informed them he had sent funds to the wrong payee using the faster payment service in error. Mr G says the delay resulted in the failure to recover the funds.

What happened

On 26 July 2025, Mr G made a payment to an existing payee through Lloyds online banking.

Shortly after, Mr G realised that the payment had been made to the wrong person and visited a Lloyds branch to report it. Although Lloyds contacted the payee's bank, they were unsuccessful in recovering the funds on behalf of Mr G as there were no funds in the payee's bank account.

Mr G complained that Lloyds had not acted promptly to recover the funds, but Lloyds didn't uphold his complaint.

Mr G brought his complaint to the Financial Ombudsman Service and one of our Investigators looked into things. The Investigator thought that Lloyds acted reasonably and without delay, but the claim was not successful because there was insufficient funds in the payee's account to return the funds.

Mr G asked that an Ombudsman decides the complaint and it has been passed to me to consider.

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 is no dispute that Mr G made a payment to a payee he didn't intend to on 26 July 2025. So, my decision will focus on whether Lloyds acted promptly and followed a reasonable process to try and recover Mr G's funds when he told them what had happened.

Mr G made the payment at 9:43 am on 26 July and, after realising he had made an error, he visited a Lloyds branch shortly after 11:00 am to report this. At 11:20 am Lloyds sent a request to the payee's bank to return the funds on a best endeavours basis as Mr G had made an error.

Payments made on line are often referred to as Faster Payments, and once debited, Lloyds are usually unable to recall the funds. However, I would expect Lloyds to have a process in place to support customers if a payment is made in error. In Mr G's case, Lloyds promptly messaged the payee's bank and asked that it return the funds as they weren't intended to go to that payee. Lloyds internal process explains that there is no guarantee that the payee's bank would refund the payment, but that they would ask that the payee's bank use its best endeavours to return the funds.

The payee's bank acknowledged the request from Lloyds the following day, but on 15

August the payee's bank confirmed it was unable to return the funds as the payee's account held insufficient funds.

Lloyds emailed Mr G the same day to tell him the claim had not been successful, and provided information about how they could help him obtain details of the payee from his bank if he wanted to pursue his claim through other means.

I have no doubt that Mr G is very upset that Lloyds were unable to recall the funds from the payee, but I'm satisfied they took reasonable and prompt steps to try and recover the funds on his behalf.

My final decision

For the above reasons, I've decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr G to accept or reject my decision before 13 May 2026.

Paul Lawton
Ombudsman