

complaint

Mr and Mrs J complain about a delay by Bank of Ireland (UK) Plc (trading as Post Office Money) in putting money into a new account, and about an inadequate response to a complaint about that.

background

Mr and Mrs J applied for the new account online on Sunday 26 October 2014. They tried to transfer £100,000 into the account. When the money had not reached the account by 14 November, Mr J posted a cheque instead, along with a complaint letter. The money was credited on about 17 November. Mr J got a response to his complaint in early January 2015. Post Office Money said it had tried to take a direct debit for the payment but Mr J's bank had said the instruction had been cancelled. Mr J rang to dispute some of what was said and expected a further response but did not get one.

Our adjudicator recommended that the complaint was upheld. She thought Post Office Money should compensate Mr and Mrs J for loss of interest between 28 October and 19 November, and pay £100 compensation for poor complaint handling.

Post Office Money responded to say it was willing to pay Mr and Mrs J a total of £100, but not any loss of interest: as it did not think it had made any error in relation to the direct debit. Mr and Mrs J said they were not willing to accept that offer. They said they still wished to be reimbursed in full for lost interest. They described the poor service they felt they had had since complaining. Because no agreement could be reached the complaint was passed to me.

my provisional decision

After considering all the evidence I issued a provisional decision to both parties on 17 November 2015. I summarise my findings.

From a copy of the computer screen about arrangements for funding the account, it appeared that the application would only be completed if one of two payment options was selected: either immediate payment by debit card or a transfer via a direct debit (which it said would take between three and eight working days). It seemed that Mr and Mrs J must have chosen the option to pay by direct debit. Post Office Money's records showed that the savings account was set up on 27 October: and it wrote to Mr J that day to confirm that. Information from Mr and Mrs J's own bank showed that a direct debit was set up on 29 October.

Mr and Mrs J had been made aware that with a direct debit the money might not reach the account until eight working days after the application – that is 6 November. They waited a bit longer before chasing things up. They were then advised to send the money by cheque and they cancelled the direct debit arrangement on about 15 November. I saw nothing in the records from either Post Office Money or Mr and Mrs J's own bank to show that Post Office Money attempted to use the direct debit to take the money before then. Without such evidence I thought that for some reason Post Office Money failed to use the direct debit to take the money within the timescale it had published.

I could understand that, when so much money was involved, Mr and Mrs J would have been keen for it to get into the account promptly from their current account, and would have made

alternative arrangements if they had known it would take so long. Therefore I thought it would be fair and reasonable for Post Office Money to pay Mr and Mrs J interest on their deposit from 6 November (the latest date they were led to think it would reach the account) until 17 November, when I thought the cheque payment reached their account.

There also were some delays and problems in the handing of the subsequent complaint. I thought £100 in compensation for that would be fair and reasonable.

So subject to further comments or evidence from either party, my provisional decision was to uphold the complaint. I intended to order Post Office Money to pay Mr and Mrs J interest on their deposit as if it had been made on 6 November 2014, rather than 17 November, and pay them an additional £100 in compensation.

Post Office Money still disagreed. It now said that Mr and Mrs J had *not* set up a direct debit to pay the money into the account, but now said instead that they had tried to fund the account using the debit card option. But that transaction had failed. It did not know why but suggested that it might have been because it exceeded a daily limit on the card. It was still prepared to pay £100 compensation but not any extra for loss of interest.

Mr J felt that an assumption that there would have been an eight day delay in taking the money (rather than say three) was acting in favour of Post Office Money, and supported slack banking systems. He said that interest had only begun to accrue from 19 November as either zero or two days was required before it began, depending on which of differing statements was correct. His previous experience of numerous direct debit transfers from his bank to Post Office Money was that transfer was immediate.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I found Post Office Money's new account of events, that Mr J had tried to pay with a debit card and not by direct debit, extremely surprising when it had previously said that it had tried, but not succeeded, to take the money by direct debit. Although it isn't entirely clear to me how to interpret the computer printout now provided by Post Office Money to back up the new account of events, it does appear to show that at some point Mr and Mrs J did give Post Office Money details of a bank card.

One of the two inconsistent accounts of events from Post Office Money must be significantly incorrect.

The situation is very confusing when I have also seen evidence from Mr J's bank that a direct debit was set up on 29 October, and a letter from Post Office Money to Mr and Mrs J on 17 November saying that a direct debit mandate on the account had been cancelled. I have also seen a letter from Post Office Money to Mr and Mrs J on 27 October giving details of their nominated bank account for the savings account. However, even though that letter enclosed a copy of the usual direct debit guarantee, that isn't the same as saying that a direct debit had been set up. But from the other evidence about direct debits, on balance I still think that a direct debit probably was set up.

I suppose it is not entirely impossible that either:

- somehow Mr and Mrs J managed to use both of the two options for payment online (though that would indicate a significant fault in the online system) and both failed; or
- having arranged online to pay by debit card, if that failed Mr and Mrs J then set up a direct debit which also failed (though that does not fit with their account of events).

While I can't be sure exactly what did happen, it seems to me most likely that action (or inaction) by Post Office Money played a significant part in the delay in transferring money to the account: because of a failure in its systems and/or failure to explain payment arrangements adequately to Mr and Mrs J. And especially in view of the very belated change in the account of events given by Post Office Money, I still think it is fair and reasonable for Post Office Money to pay interest to cover the delay beyond the time it could reasonably have taken to take the payment by direct debit.

Looking at Mr J's comments about the relevant delay period, while debit card payments can happen immediately, direct debits cannot - especially when a new direct debit mandate has to be set up. So I still think that I could only expect Post Office Money to pay interest from 6 November (the latest date by which Mr and Mrs J could have expected the money to reach the account using a direct debit). But Mr J is correct that at different times he was told that interest would be paid from different dates: either 17 November or 19 November. Whichever is correct I think it is fair and reasonable for Mr and Mrs J to be paid interest from 6 November instead.

I still think the £100 compensation is also fair and reasonable.

my final decision

My final decision is that I uphold this complaint. In full and final settlement I order Bank of Ireland (UK) Plc to:

- pay Mr and Mrs J additional interest on their deposit as if it had been made on 6 November 2014 rather than later that month;
- pay them an additional £100 in compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr and Mrs J to accept or reject my decision before 15 February 2016.

Hilary Bainbridge
ombudsman