

complaint

Mr I complains that he went into The Co-operative Bank Plc to make a cash payment of over £4,000 to a third party. The third party has now told him this payment is still outstanding.

background

When Mr I went into his local branch of the bank to make a large cash payment he took the money, the letter from the third party and a completed giro slip. The cashier stamped the letter and the giro slip and Mr I thought the payment had been made until two months later when the third party told him the money was outstanding.

The bank said the cashier had set up a bill payment from Mr I's bank account. The payment hadn't gone through because there wasn't enough money in his account but it accepts it didn't tell Mr I this. It said Mr I still had the giro slip so he couldn't have made the payment by cash. It credited his account with £100 for any distress and inconvenience caused.

Mr I's complaint was investigated at a higher level by the bank. Although it didn't doubt Mr I had taken the cash into the branch to make the bill payment, it believed he'd left the branch with his money thinking the bank had set up a bill payment from his account. The bill payment didn't go through because a pending debit card authorisation meant he didn't have enough money in his account. He should've known this hadn't been paid by checking his bank statements.

After Mr I complained to this Service the bank said there wouldn't have been enough time to count the money in between the timed transactions on its records. And the tills balanced at the end of the day. The cashier had asked Mr I to give security details and this wouldn't have been necessary if he was just making a bill payment in cash. The bank then said Mr I would've had enough money in his account to make the bill payment but because it was such a large transaction it was referred to the Financial Crime Management Team (FCM) for authorisation which then declined it. And Mr I initially said he couldn't remember how he'd paid this bill.

The adjudicator recommended that Mr I's complaint should be upheld. He said the bank had given two different explanations about why the bill payment didn't go through. He didn't accept the argument there wasn't enough time for the cashier to count the money. He noted the bank accepted Mr I had gone in with cash to pay the bill and he said the bank hadn't given any logical reason why the cashier would then set up a bill payment from his account.

The bank didn't agree. It said that it had to authenticate Mr I at the beginning of the transaction which meant he'd agreed to make a payment from his account. The cashier wouldn't have needed to check the balance because Mr I had done so before visiting the counter (an ATM record shows he did this a few minutes previously). He'd paid a large deposit into his account several days earlier, there was insufficient time to count the money, the cashier wouldn't have been aware that the FCM team didn't authorise it, and there's no evidence to support Mr I's statement that he handed the money to the cashier.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint. Where the evidence is incomplete, inconclusive, or contradictory (as some of it is here), I make my decision on the balance of

probabilities – in other words, what I consider is most likely to have happened in light of the available evidence and the wider circumstances.

The bank accepts Mr I went into the branch to pay this bill by cash. It accepts that the cashier made a number of errors. And it's now changed its explanation about the reason why it didn't make the payment.

It says there's no evidence Mr I handed the money to the cashier. But he still has a copy of the letter and the giro slip. The bank said that if he'd made the payment by cash he wouldn't have the giro slip as that would've been torn off by the cashier. But I can see the cashier has stamped both sections. The full amount has been written in the "cash" box. And the cashier has not made any note that the payment was being made directly from his account and not by cash.

Mr I's bank statement doesn't show any attempted payment from his account. The bank accepts he went into the branch with the money to pay his bill. But it can't provide any logical explanation why Mr I would then decide to set up a direct payment from his bank account. Particularly as it seems the cashier should've been aware there wasn't enough money in his account once the pending authorisation went through. And it can't explain why Mr I wasn't told the payment was unsuccessful after the FCM team looked at it.

The bank says Mr I wouldn't have been asked any security questions if he was making a payment by cash. But it accepts the cashier made a number of mistakes so it's reasonably likely this was another one. It says there wasn't enough time to count the money. But I agree with the adjudicator that the time scale doesn't seem to be decisive one way or the other.

The bank has simply said it's satisfied the cashier didn't take the money. But it hasn't given us any more of an explanation than that. It's also told us its tills balanced, but hasn't demonstrated that. And it's difficult to see why – as the bank suggests – Mr I would take in cash to pay a bill and then leave the branch with the money. I take that view bearing in mind the amount involved and Mr I's explanation about going to the branch first thing in the morning because he was concerned about holding onto that much in cash. Besides that, Mr I had never set up a bill payment before. He always paid this particular bill in cash.

The bank is now saying Mr I told it he couldn't remember how he'd paid this bill. This was mentioned in a call between two departments at the bank. But this isn't a recording of what Mr I said so I don't find it changes my conclusion.

On balance the bank hasn't persuaded me that Mr I didn't hand this money over to the cashier to pay his bill.

my final decision

My decision is that I uphold Mr I's complaint. In full and final settlement The Co-operative Bank Plc must pay Mr I £4,392.04 plus any additional charges for the delay in payment and £150 for the trouble and upset it's caused him.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 20 June 2016.

**Linda Freestone
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