

complaint

Mr M complains about the actions taken by Bank of Ireland (UK) Plc when it tried to recover money it had wrongly transferred to his account.

background

In March 2014, Bank of Ireland wrongly credited over £3,000 to Mr M's account. Mr M knew that he was due a large payment from a maturing Equity Bond and believed this credit was from that. In July 2014 he withdrew over £3,000 and purchased a vehicle.

In August 2014 Mr M was informed of the mistake. He had regular contact with the bank in relation to repayments. Mr M could not repay the money immediately. A number of payment plans were agreed, the bank involved its legal team and asked for increased monthly repayments. When his bond matured in March 2015, the bank offset this against the outstanding debt.

Bank of Ireland accepted it caused Mr M trouble and upset by the initial mistake and paid him £300 compensation to reflect this. Mr M accepted that offer. He now complains about the poor treatment he has received from Bank of Ireland in its attempts to recover the incorrectly credited payment. He also complained it was unfair that the bank had offset the full amount against the bond that matured.

The adjudicator did not recommend the complaint should be upheld in relation to offsetting the amount. She agreed with the bank that this was fair and reasonable as Mr M had had the benefit of the money credited in error and effectively had received the benefit of the matured bond earlier than he should.

The adjudicator did recommend that Mr M should be paid compensation by Bank of Ireland in relation to the actions it had taken in trying to recover the money it had paid to him in error. She said the bank should have been aware that Mr M was due to receive the payment which would cover the mistaken payment in full. Had it been aware of this it would not have tried to recover the money on a monthly basis and would not have threatened him with legal action after requiring him to attend many meetings and repay money on a monthly basis. The adjudicator recommended that Mr M should receive a further £250 compensation for the trouble and upset caused by the bank's unnecessary efforts and in addition 8% interest on all payments towards the outstanding amount.

Mr M agreed with the adjudicators recommendation.

The bank did not. It said Mr M had never been willing to repay the money and had only offered £20 per month. It said it had had to refer the matter to its legal department as Mr M would not engage fully with the bank, repeatedly saying it was the bank's error and he should not have to repay the funds. It said it did not have details of his maturing bond on its usual computer system and was never told by Mr M that this lump sum was due.

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 reach 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.

I am satisfied that Mr M did express a willingness to repay the money that had been incorrectly credited to his account. I consider it likely that at the outset he may have said to the bank that he did not consider he should have to repay the money he had spent as it had only gone into his account due to a banking error. However, in February 2015 Mr M accepted £300 compensation in relation to that mistake. I am satisfied he only did this because he accepted he had been put to inconvenience in having to make arrangements to repay the funds.

I am satisfied that Mr M had told the bank from the very first meetings that he was due to receive a maturing bond. I am satisfied this is where he thought the money had come from originally. This has always been Mr M's explanation for spending the money. The bank says it checked its usual computer system and was not able to find details of that bond, it therefore discounted it completely when making arrangements for repayment with Mr M. I do not consider that was reasonable. The bank should have been aware that not all bonds appeared on that system. It should have made further enquiries with Mr M about the bond to ensure it had checked all the relevant records.

In circumstances where Mr M was going to receive a sum which would be capable of repaying the bank's mistake in full within 12 months, it was not reasonable of the bank to require Mr M to attend repeated meetings, to make repayment arrangements and threaten him with legal action. The bank had made the original mistake. It should have made the additional efforts to obtain details of the maturing bond and had it done so, would have satisfied itself that the money could be recovered in full in a reasonable time frame.

I am satisfied the actions of Bank of Ireland were not reasonable and I agree the compensation recommended by the adjudicator properly reflects the inconvenience caused to Mr M.

my final decision

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

- Pay Mr M a further £250 compensation (in addition to the £300 he has already received)
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- Pay 8% interest on all payments made towards the outstanding amount, before the final transaction when the full sum was recovered

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

Charlotte Holland
ombudsman