

The complaint

Mr L complains that Northern Bank Limited trading as Danske Bank unfairly refused to authorise an international money transfer from his business bank account.

What happened

Mr L wanted to buy a second-hand agricultural vehicle from a company overseas which I will refer to as F. In late March 2023, Mr L asked Danske Bank to transfer around €1300 to F's account.

Mr L says that Danske Bank originally told him it had sent the money to F but after a few days said that it would not make the payment. Danske Bank thought Mr L may become the victim of a purchase fraud and was concerned that it could not verify F's bank details. So, Mr L ended up making alternative arrangements to pay F.

Our investigator upheld Mr L's complaint saying that although Danske Bank was entitled to carry out checks before making the payment, Mr L supplied information to show the intended purchase was genuine. And that if Danske Bank had been concerned about verifying F's details, it could have made a small payment before sending the balance.

Our investigator thought a delay of four days between Danske Bank saying it would process the payment and then refusing to make the payment was unfair. Although Mr L made the payment another way and therefore didn't lose out on the vehicle, our investigator thought Danske Bank should pay £200 compensation.

Danske Bank disagreed with the investigation outcome. It said the branch referred the international money transfer request to its customer fraud team as it was concerned it may be a purchase scam. Danske Bank said it contacted Mr L the day after he made the request to say that it would not go ahead with the money transfer based on the information he supplied. So, Danske Bank disagreed that Mr L waited four days for an answer.

Our investigator went back to Danske Bank to say it wasn't possible to be sure whether there was a misunderstanding over whether it was going to process the payment. But that the main issue was Danske Bank's decision to decline the payment.

Our investigator thought that based on the information Mr L supplied about F's company registration and the fact it was a main dealer, made it overzealous of Danske Bank to refuse to make the transfer.

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.

Looking at the evidence supplied by Danske Bank – Mr L requested the foreign transfer in branch on 24 March 2023. At the same time, Mr L signed a form acknowledging that Danske Bank had given him advice about the transaction being a possible purchase scam. So, I can

understand why Mr L thought the transfer would go ahead.

Although Danske Bank disagrees that it delayed telling Mr L that the transaction would not go ahead, Mr L is adamant that members of staff in branch told him the money had been sent before later saying it would not approve the transaction. Although Danske Bank has supplied information about what steps staff took on 27 and 28 March 2023 in one of its branches, Mr L visited more than one branch. Mr L says that staff at one of the branches he visited continued to say the money had been sent. I have no reason to doubt Mr L's version of events, so I am satisfied that he understood, for several days at least, that the transaction would proceed.

Under the terms of Mr L's account, Danske Bank is allowed to refuse to make a payment if it believes the transaction may be connected to fraud. In Mr L's case, Danske Bank had a legitimate concern about the transaction. Mr L wanted to transfer money to F, having never seen the vehicle in person. The purchase price was significantly less than the usual second-hand value and it was not possible to verify the overseas bank account. So, I don't think it was unreasonable for Danske Bank to require further information.

Mr L says that he supplied Danske Bank with a copy invoice, together with publicly available information about F's creditworthiness. Mr L says he also explained that the purchase price was lower than market value because the vehicle needed repairs. Mr L intended to carry out the repairs and sell it on for a profit. I consider Mr L's explanation of why he considered the purchase to be genuine was reasonable. So, I don't consider Danske Bank acted fairly when it continued to refuse to process the transaction. Particularly given the relatively low value of the transaction and the fact that it was coming from a business rather than a personal account.

Although F went on to sell Mr L the vehicle after he made alternative arrangements, I think that Mr L was inconvenienced by Danske Bank's refusal to go ahead with the transfer despite supplying information to demonstrate the proposed purchase was genuine. So, I agree with our investigator that an award of compensation is fair in the circumstances.

Our investigator recommended that Danske Bank pay Mr L £200. This amount sits within the range of award our service might make where the mistake has taken a reasonable effort to sort out and where the impact has been felt over days or weeks. I consider this to be a fair way to recognise the impact that Danske Bank's delays and then refusal to complete the transaction had on Mr L.

Putting things right

Danske Bank should pay Mr L £200.

My final decision

My final decision is that I uphold this complaint. In full and final settlement, I direct Northern Bank Limited trading as Danske Bank to pay Mr L £200.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 1 April 2024.

Gemma Bowen
Ombudsman