

The complaint

P, a limited company, complains that TSB Bank plc sent two payments to the wrong account and hasn't provided satisfactory help to recover those payments.

What happened

In May and June 2023 two payments totalling more than £10,000 were made from P's account by faster payment. The recipient was shown in each case as one of P's suppliers, which I'll refer to as "S1". The payments made matched the amounts due on two recent invoices from S1. But S1 subsequently contacted P to say it hadn't received payment for those invoices. It emerged that the payments had been sent to an account ("the receiving account") with a different number, and at a different bank, from S1's.

P has told us that one of its employees made the payments and selected an existing payee from its list of recipients. P settled the invoices, so it's now paid them twice – once to the wrong account and once to the correct one.

P believes that TSB shouldn't have allowed the payments to be made, as the recipient's name and account details didn't match. And it's dissatisfied with TSB's efforts to recover the money.

TSB said that it hadn't made any error. It explained that it follows up credit payment recovery requests on a best endeavours basis. In this case the attempt to recover the money was unsuccessful, as the receiving account had been closed. After P complained to this service, TSB said that it acknowledged that it could have handled its initial phone calls with P better, and could have told P at the outset what sort code and account number the payments had been made to. As it was, P had had to make several calls to TSB about that. It offered to pay P £100 in recognition of the inconvenience caused, and said it was willing to cover any call costs that P had incurred in making those calls.

One of our investigators considered the complaint, but thought that what TSB had offered was fair in the circumstances. He said, in summary, that based on the evidence he'd been given, TSB had sent the money to the sort code and account number that P had given it. So he didn't think it had made any error in making the payments. And it had followed the right process to try to recover the money.

P disagreed with the investigator's view, so the complaint's been passed to me.

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.

Our investigator explained that the Confirmation of Payee (CoP) name-checking service helps the payer to make an informed decision about whether to go ahead with a payment. But that only applies where the account holder sets up a new payee, or makes changes to an existing payee's details.

During the course of his investigation, our investigator noticed that there'd been another payment to the receiving account in early March 2023. On that occasion a different payee name was shown. P has confirmed that the payee name in that case matches another of its suppliers ("S2"). But the account details don't match those of S2 either, and S2 has told P that it's never had an account with those details. From the information P has provided, it looks as if the amount paid on that occasion exactly matched an invoice that S2 had sent P in February 2023, which was ultimately settled in May 2023. So over the course of a few months, three payments were made from P's account to the receiving account, specifying two different suppliers of P as the intended recipients.

The investigator explained to P that only the payments made in May and June 2023 have been considered as part of this complaint, and that if P wishes to have the March 2023 payment looked into, it will need to contact TSB. So I haven't considered the March payment in this decision and only mention it as background.

TSB has no record of any error message flagging up a mis-match in account details for payments made by P in May or June 2023. It may be that a new recipient was set up- or amendments were made to an existing recipient's details- before the beginning of May 2023. But as the investigator explained, the CoP name-checking service is only designed to help payers make an informed decision about whether to go ahead with a payment. Even if the CoP wasn't able to check the account details, or if it flagged up an inconsistency between the recipient name and the account details, it would only have prevented the payment from being made if it was unable to find an account with the specified number and sort code. In this case the recipient account existed, even though the receiving bank has told TSB that it's no longer open.

Taking everything into account, based on the evidence provided, I'm not persuaded that TSB made an error in allowing the payments to be made in May and June 2023.

Turning to what TSB did to try to recover the payments for P, as the investigator explained, there's a procedure known as the Credit Payment Recovery (CPR) process. This specifies what help UK banks must give a customer when a mistake has been made in sending a payment. Under that process, the sending bank should contact the receiving bank within two business days of learning of the mistake. I'm satisfied that TSB did so. The receiving bank then has 18 business days to respond. In this case it responded a few working days after TSB contacted it, well within the specified timescale. Frustratingly for P, it said that the receiving account had been closed.

I'm satisfied that TSB took prompt and reasonable action to recover the payments. It is unfortunate that it turned out not to be possible to get the money back for P.

P doesn't consider the £100 offered by TSB to be enough. It says TSB's communication was very poor, it gave P incorrect information and showed no empathy or ownership of the issue, which only increased the distress and frustration.

I understand the frustration felt by P's directors. However, I can only award compensation for the impact of any wrongdoing on an eligible complainant. In this case, the eligible complainant is P, a limited company, rather than a human being. And while a company can suffer inconvenience, it can't itself experience distress or frustration. Taking everything into account, I consider TSB's offer of £100 to be fair to reflect the inconvenience caused to P by the fact that it could have handled the initial phone calls about the payments better. TSB has also offered to reimburse any cost to P of making those phone calls. If P would like to accept that offer, it should provide details and evidence of those costs to TSB.

I know that P's directors will be disappointed with my decision. I feel sympathy for them and

position they find themselves in. But for the reasons I've set out, I can't fairly require TSB to do more than it's offered to do to resolve the complaint.

My final decision

My decision is that I uphold this complaint in part. I require TSB Bank plc to pay P £100, as it has offered to do.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 18 June 2024.

Juliet Collins
Ombudsman