

The complaint

Mr F has complained National Westminster Bank plc won't refund him for a transaction he didn't authorise.

What happened

On 25 May 2023, Mr K tried to make a payment of £2,000 from his Nationwide account to an account he held with a cryptocurrency exchange company which I'll refer to as "C". The payment was done using Open Banking and was blocked by Nationwide due to the scam risk. When he contacted Nationwide to discuss the payment, he said he didn't want the payment to go through because he'd decided to send the funds from another account, but unfortunately, the payment was processed in error.

Mr K contacted Nationwide to complain that the payment had been processed against his wishes and that it hadn't been received in the beneficiary account. Nationwide apologised and paid him £100 compensation explaining the payment had been held by its transaction monitoring team before being sent to C on 12 June 2023. It said it had confirmation the funds were received by C on 12 June 2023 09:3 and agreed to raise a credit payment recovery. Unfortunately, a payment trace was requested in error and a credit payment recovered was correctly submitted on 14 July 2023. It paid him a further £150 compensation to apologise for the inconvenience caused.

Mr K wasn't satisfied and so he complained to this service explaining the payment was processed against his wishes and the funds were never received. He said he wanted Nationwide to refund the £2,000 he'd lost plus compensation for the distress and inconvenience.

Our investigator didn't think Mr K's complaint should be upheld. She explained that C had produced evidence that the funds were returned, in error, to Bank H and that any dispute about the location of the funds ought to be raised with C.

She noted that Nationwide had sent the payment to C in line with Mr K's original faster payment instructions and it had received electronic confirmation at 9.38am that it had been received. She was satisfied it had initiated a credit payment recovery and she didn't think it could have done any more to recover the payment.

Our investigator acknowledged that Mr K felt it was for Nationwide to locate the funds, but she explained he should reasonably have contacted C and had he done so it would have told him the funds had been sent to Bank H. She also acknowledged that Nationwide had provided misleading information to Mr K about the credit payment recovery, but she was satisfied he'd been fairly compensated for that.

Mr K has asked for his complaint to be reviewed by an Ombudsman, arguing that C didn't return the disputed funds to Bank H. He has explained he sent money to C from Bank H and that C returned those funds, including a payment for £2,000. But the credit of £2,000 isn't the disputed funds. He maintains he clearly instructed Nationwide not to process the payment after it had originally blocked it, so it is responsible for the lost funds.

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.

Having done so, I've reached the same conclusion as our investigator. And for largely the same reasons. I know Mr K feels strongly about this complaint, and this will come as a disappointment to him, so I'll explain why.

While the payment was sent to C in line with Mr K's original instructions, Nationwide accepts this was done in error because he'd said he didn't want the payment to go through. However, I'm satisfied the payment was received by C, so the funds were not lost, and Mr K was compensated for the error. And Nationwide raised a credit payment recovery, so there was nothing else it could reasonably have done to recover the funds.

C has confirmed the funds were received from Nationwide. It has also confirmed that the funds were mistakenly returned to Bank H. I'm satisfied that is most likely what has happened, and I don't consider Mr K has lost any money. It's unfortunate that the funds were returned to the wrong account, and I accept this has caused Mr K a great deal of confusion and inconvenience. But this is a result of an error by C.

Mr K maintains the disputed funds were never sent to Bank H, and the payment of £2,000 from C to Bank H was a different £2,000. If Mr K can show he is owed a further £2,000 by C, this is something he will need to resolve with C.

Compensation

It's clear that Nationwide made a series of errors, and it accepts the payment was processed in error. But as it was ultimately able to show that C received the disputed funds, I'm satisfied £250 compensation fairly addresses the impact of its failings.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr K to accept or reject my decision before 27 July 2024.

Carolyn Bonnell
Ombudsman