

The complaint

Mr M complains that Cumberland Building Society delayed processing a Clearing House Automated Payment System (CHAPS) transfer for a property purchase.

What happened

Mr M says he requested a CHAPS transfer for £290,000 to purchase a property. He says the instruction was submitted at 12:30pm on 12 April 2024, but it was not actioned by Cumberland until after 16:00pm, which was after the deadline for the same day transfer. Mr M contacted Cumberland on 15 April 2024 after his solicitor had contacted him to inform him they hadn't received the funds. Mr M says he contacted Cumberland many times, and he was unable to escalate the issue even though the failure to receive the funds that day would have lost the sale of the property.

Mr M visited a Cumberland branch, where he says he was kept waiting for 40 minutes to see the assistant manager, and he was told the funds would arrive by close of business. Mr M made a complaint to Cumberland.

Cumberland upheld Mr M's complaint, and they offered him £225 compensation. They also offered to refund him the £25 CHAPS fee he paid. They said when Mr M made the CHAPS request on 12 April 2024, the payment should have been processed that day, but the paperwork was not forwarded to the relevant team until 16:13pm, which was after the cut off time. They said they should have sent the relevant paperwork to the appropriate team at the time it was completed.

Cumberland said when Mr M rang their customer care hub this should have been escalated immediately and forwarded to a manager to review, which if this would have happened, it would have avoided Mr M having to make several calls and visit a branch. Mr M brought his complaint to our service. Cumberland increased their offer of compensation to £500. Mr M rejected this. He said he would accept £2,000 compensation.

Our investigator said the £500 compensation was in line with our awards for what happened. She said our service wouldn't recommend any award of a percentage of the CHAPS payment unless it resulted in a financial loss. And without evidence of the financial losses Mr M incurred, she would be unable to quantify any compensation in respect of this. She said the £500 showed Cumberland acknowledged that they had given poor service.

Mr M asked for an ombudsman to review his complaint. He made a number of points. In summary, he said the contingency and escalation does not exist in order to protect his money in the event of a failure and this was clearly demonstrated on the date of the failure. He said he made repeated calls and also visited the branch in order to gain a basic acknowledgment that there was a problem, even though he was unable to speak to the branch manager until three days later. Mr M said the compensation was nowhere near relative to the expense that Cumberland's delays cost him, he mentioned his equivalent day rate for employment, the time he took trying to remedy the issues, and he said he had additional fees he needed to pay.

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.

Mr M has made a number of points to this service, and I've considered and read everything he's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of his complaint in deciding what's fair and reasonable here.

I'd like to emphasise that this service is not the regulator. Nor do we act as the enforcer for the regulator. The regulator is the Financial Conduct Authority. Our service acts as an informal dispute resolution service for complaints about financial businesses. So I must be clear to Mr M from the outset that I'm unable to tell Cumberland how they should operate their CHAPS procedures or what contingency plans they should have in place if a cut off time is missed because of a branch error, as this is a commercial decision for Cumberland to make.

I've viewed Cumberland's savings and current account terms and conditions to see what they say about CHAPS payments. While section 13.8 of the terms set out when Cumberland may refuse to make an electronic payment (which would include a CHAPS payment) after a customer has asked for one, Cumberland have not said that the payment wasn't made for one of these reasons listed.

So as Mr M made the payment before the 13:30pm deadline given in the terms and conditions, the payment should have reached the recipient's account on the same day. But this didn't happen due to the delay by the branch as they forwarded the paperwork to the relevant team over 2.5 hours after the cut off deadline. And I would expect branch staff to be familiar with the deadlines for payments. So I can empathise with what happened to Mr M here.

When Mr M's solicitor informed him that they hadn't received the funds, this would be distressing for Mr M, at an already stressful time. Mr M was further inconvenienced by having to contact Cumberland multiple times. As he was unable to get the issue escalated, then this would have caused him further distress. It's accepted he made multiple calls to Cumberland, and he was unable to get this issue escalated, so he was further inconvenienced to have to visit a Cumberland branch where he had to wait up to 40 minutes to see an assistant manager when he wasn't able to see the manager.

I know Mr M has concerns that there is no escalation process for Cumberland in place. But Cumberland have confirmed that when Mr M phoned them, his concerns should have been escalated to a manager. This could have saved Mr M making multiple calls and visiting a Cumberland branch if they had clearly explained what happened, and that it would reach his solicitor that day.

Due to the strength of feeling that Mr M has about the escalation process, he is likely to doubt what Cumberland have said about there being an escalation process in place, especially due to him speaking to multiple Cumberland staff and none of them escalating this for Mr M. So this would be further distressing for him to hear that there is an escalation process in place, but it wasn't used.

So I've considered what would be a fair outcome for this complaint. As Mr M has been unable to provide evidence of extra costs he's incurred, I'm unable to consider any financial losses he says he's had as a result of the delay in Cumberland processing the CHAPS payment.

I've considered what Mr M has said about his day rate. But I need to be clear to Mr M that we don't link our awards to day rates/wages/earnings. I must explain to him that our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event.

I'm persuaded that £500 is proportionate for the impact that Cumberland's delays had on Mr M. While the delay was one working day, this was for a property purchase, which would be a stressful time for Mr M. He was unable to get the issue escalated, and Cumberland staff did not treat this with the urgency which would have helped manage Mr M's expectations. So I do think the delay caused Mr M considerable distress. As Cumberland didn't make the transfer before the cut off time despite Mr M submitting his instructions before the cut off time, then I don't think it's reasonable that he should have to pay the £25 that he did for the CHAPS payment. So it would be reasonable for Cumberland to refund this to him also. So it follows I'll be asking Cumberland to put things right for Mr M.

Putting things right

Cumberland have previously suggested to refund Mr M's CHAPS payment fee, and to pay him £500 for distress and inconvenience, which I think is reasonable in the circumstances.

My final decision

I uphold this complaint. Cumberland Building Society should pay Mr M £500 for distress and inconvenience, and they should refund the £25 CHAPS fee he paid them.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 August 2024.

Gregory Sloanes
Ombudsman