

complaint

This complaint is brought on behalf of the estate of the late Mr T, by its representative Ms P. Ms P complains that Barclays Bank PLC failed to take proper steps to safeguard money that had been sent to it in error.

background

The late Mr T had held money in a savings account with another financial institution (which I shall call "the savings bank"). While administering the estate, Ms P decided to transfer the money to another account held elsewhere.

Unfortunately, when providing the savings bank with details of where the money should be sent to, Ms P made a mistake with the sort code. The account number and sort code provided by Ms P related to another account held with Barclays, and that is where the money went. Ms P later realised what she had done and got in touch with both the savings bank and Barclays to explain the mistake.

By then, the money had already been credited to the wrong account. Ms P says that Barclays did little to try to help, despite her contacting it a second time and receiving assurances that a search was being made.

The money was subsequently withdrawn by the holder of the beneficiary account and has not been recovered. Barclays says it did what it reasonably could, in the absence of the consent of the account holder to send the money back. It paid Ms P a total of £230 in respect of her time and expenses but was not prepared to refund the money.

As things were not settled, Ms P brought the complaint to this service where an adjudicator investigated it. From the evidence, the adjudicator was satisfied on a balance of probabilities that Barclays had received a retrieval request from the savings bank on 16 August 2013.

The adjudicator thought that Barclays should quickly have identified the mistaken credit from the account information it had been given and the history of the account.

The adjudicator also found that Barclays should have taken action to prevent the money from being withdrawn. In view of that, the adjudicator recommended that Barclays should refund the money together with appropriate interest.

Barclays did not agree with the adjudicator's conclusions. It said, in summary, that it had not made any mistake and had correctly applied the money to the account specified in the transfer.

It also said that it could not, in any event, have done anything to prevent the holder of the beneficiary account from withdrawing the money. It regarded the matter as, essentially, something to be settled between Ms P and the holder of the beneficiary account.

my findings

I have considered all the available evidence and arguments to decide what is fair and reasonable in the circumstances of this complaint.

It is not in dispute that the original error giving rise to the problem was made by Ms P, not by Barclays. But Barclays provided a payment service to Ms P and had a duty to take appropriate steps, in a timely manner, once it was told about the mistake.

The account into which the money was sent appears to have been largely inactive, with a small balance, and so the large mistaken credit is very conspicuous even at first glance. I agree with the adjudicator that, since Barclays had both the sort code and the account number that the money had been sent to, it should have been very easy for it quickly to identify the mistaken credit.

I accept that, in some cases, the question of whether or not the holder of the beneficiary account is entitled to a disputed credit is not clear cut. The situation is also more complex if some or all of the money has already been paid out before the mistake is notified. But I find that this was not such a case.

In my view, the error was clear and demonstrable. Barclays would not have placed itself at any material risk by ring-fencing the money so that it was preserved for the estate. In all the circumstances of this particular case, I am not persuaded that Barclays was powerless to prevent the holder of the beneficiary account from drawing out the mistaken credit, as it suggests.

The holder of the beneficiary account did not take the money out until 27 August 2013. So there was plenty of time for Barclays to take steps before that to isolate the money and prevent it from being paid away.

I find that, if Barclays had acted correctly in the matter, the money would not have been paid away and would have been restored to the estate. It follows that I broadly agree with what the adjudicator recommended Barclays should do in addition to the payments it has already made.

However, I think it fairer for interest to be calculated from 16 August 2013 (when Barclays was told of the mistake and should have taken action to preserve the money) rather than 19 July 2013 (when Barclays received the money, but was not yet aware of Ms P's mistake).

my final decision

My final decision is that I uphold this complaint and direct Barclays Bank PLC to pay Ms P (representing the estate of the late Mr T):

- £4,955.79, being the amount of the mistaken credit; and
- simple interest on that amount, calculated at 8% a year, from 16 August 2013 to the date of settlement.

Under the rules of the Financial Ombudsman Service, I am required to ask Ms P (representing the estate of the late Mr T) to accept or reject my decision before 20 August 2015.

Jane Hingston

ombudsman