

The complaint

Mr C, a sole trader, complains about the service received from Handelsbanken plc (Handelsbanken) in relation to a payment he was expecting to be made into his account.

What happened

In the second half of 2021, Mr C asked Handelsbanken to send him correspondence confirming his account details, and explained he was expecting an international payment following some work he had completed for a client. As requested, Handelsbanken provided Mr C with his account details.

Mr C issued an invoice to his client in March 2022 and was told to expect payment the following month. However, Handelsbanken rejected the payment in April 2022, explaining that Mr C's account wasn't suitable for receiving some international transfers. Handelsbanken apologised to Mr C and wrote a letter to his client explaining that it had failed to tell Mr C his account wasn't able to accept the payment. The letter also said Handelsbanken was in the process of opening a new account for Mr C which would be suitable for accepting the funds.

Some further discussion then took place, before Mr C was told in May 2022 that following a conversation with Handelsbanken's risk team, a new account couldn't be opened. The advisers Mr C was speaking with said they would challenge this, however, ultimately, the decision remained. Unhappy about matters, Mr C complained to Handelsbanken.

Handelsbanken reviewed things and, in summary, said it wasn't able to open a new account for Mr C for regulatory reasons. In relation to international payments, it said it had a list of countries from which it couldn't facilitate international payments – one of which included where Mr C's client was making a payment from.

In further correspondence, Handelsbanken acknowledged that it should have identified that Mr C was intending to receive an international payment at the time he asked for his bank details. To put matters right, Handelsbanken paid Mr C £500 compensation and offered him a fee-free account. It also offered Mr C an interest-free overdraft on his account.

Mr C didn't think this was sufficient, so he brought his complaint to this service. He also pointed out that whilst Handelsbanken had suggested opening an account with another provider to facilitate the payment, he wasn't able to because its online nature meant it couldn't provide the documents his client required. So, he says he was left with no option but to receive the payment through his wife's account with a different provider in October 2022. He said this was inconvenient as it involved some complications, including having to provide various pieces of documentation.

One of our investigators reviewed matters. In summary, he thought Handelsbanken could have explained its policy on international payments sooner to Mr C, which would have enabled him to make alternative arrangements to accept the payment earlier. However, he thought Handelsbanken's offer to put matters right was fair.

Handelsbanken didn't dispute our investigator's view, but Mr C did, and mostly repeated his earlier points. I discussed matters informally with Mr C. In summary, I explained that Handelsbanken restricted some international payments, which was a commercial decision it could make. I also explained that whilst I appreciated Handelsbanken could have handled matters differently, I thought how it had put matters right was fair. Mr C disagreed and asked me to issue a formal decision. He also provided further submissions in support of his position, which mainly reiterated some of his earlier points and the timeline of events.

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.

I'd like to thank Mr C for providing the detail he has in his submissions to this service. I have read and taken into account all that both parties have provided, however, my findings will only address matters I consider central to the outcome of this complaint. So, I won't address every point that has been raised, although I have taken every point into account when coming to my decision. I trust this won't be taken as a discourtesy, but this reflects the informal nature of our service.

The terms of Mr C's account state that Handelsbanken has the right to refuse a payment into the account in the event that the payer's account, the bank of the payer or any correspondent bank is located in a restricted country. The terms also outline that Handelsbanken may make changes to its restricted countries list, and, in summary, it could be contacted to obtain details of the restricted countries at that given time.

Here, Handelsbanken has said the payment couldn't be received as Mr C's account wasn't suitable for receiving international transfers from where the payment was being sent. It further explained that, in summary, the procedures associated with processing payments from the country in question would be too costly, given that the payment flows were on such a small scale. So, whilst I appreciate the frustration this would have caused Mr C, having considered the reasoning Handelsbanken provided, I'm persuaded that this is a legitimate commercial decision that it's entitled to make.

That being said, Mr C made Handelsbanken aware that he was expecting the international payment in the second half of 2021, when he asked for his account details to send to his overseas client. So, it's unfortunate that Handelsbanken didn't explain to Mr C that it wouldn't be able to facilitate the payment and, instead, just provided Mr C with his account details. Had Handelsbanken explained that it couldn't accept the payment, it's likely Mr C would have found an alternative way to receive the funds sooner, and he'd have done this before he sent an invoice to his client, which would have likely avoided the funds being returned.

I've considered that following this, there was a lot of discussion between the parties about how best to facilitate the payment. Handelsbanken explored whether opening a new account for Mr C was possible, albeit it's risk team then said this couldn't be done. I appreciate the disappointment this would have caused Mr C. But having reviewed the correspondence between the parties, I'm persuaded that Handelsbanken was doing its best to try and help Mr C in the circumstances and it was exploring ways that it might be able to facilitate the payment.

However, the fact remains that Handelsbanken could have told Mr C that it wouldn't be able to facilitate the payment sooner than it did, which both parties are in agreement with. And it's not in dispute that Mr C was caused a degree of embarrassment and inconvenience as a

result of this. Therefore, what's left for me to decide in the circumstances is whether what Handelsbanken has done is enough to put matters right.

In summary, and amongst other points, Mr C estimated that he has spent around 12 days trying to find a suitable method for payment to be made, over a period of around seven months, which he says is how long it took between when Handelsbanken first rejected the payment and when the payment was received. Mr C has also said he is still having to deal with matters several months following this. In addition, he says that the situation has affected his relationship with his client. Overall, Mr C has asked for a total of £10,500 compensation. This comprises of £5,500 for the time spent remedying Handelsbanken's errors, and £5,000 for the loss of future consultancy work and associated fee income.

Whilst I acknowledge that Handelsbanken's actions have impacted Mr C, I've also considered that Mr C wouldn't have been in a position where the payment would have successfully credited the account because of Handelsbanken's procedures. So, whilst I accept Mr C could have received the payment sooner, I'm persuaded he would have always needed to find an alternative way to receive the money which would have involved some degree of inconvenience. And whilst I accept Mr C says he had trouble opening other accounts, I think that it was ultimately his decision to have the payment made to his wife's account, which – as our investigator noted – came with its own complications.

I've also considered that Mr C says the situation has affected his relationship with his client and has resulted in a loss of future revenue. But I've not seen evidence to persuade me that Mr C's client isn't placing further work with him due to the situation in question. So, on balance, whilst I've considered Mr C's comments here, I've not been presented with enough to persuade me that this is something I can fairly hold Handelsbanken responsible for.

Deciding compensation isn't an exact science and can be subjective by nature. In order to reach a fair and reasonable outcome, I've carefully considered all the circumstances and, importantly, the impact that I think Handelsbanken's actions in particular have had on Mr C. Having done so, I'm persuaded that the £500 Handelsbanken has already paid is a fair and reasonable way of compensating Mr C for the distress and inconvenience caused by the matter.

I acknowledge Mr C has asked for significantly more than this and he says he's spent several working days trying to resolve the situation – so some of his calculations are based on his daily contracting rate. When considering compensation, we look at the overall impact caused and award an overall figure for what we think is fair and reasonable in the circumstances. As I understand it, Mr C is saying he would have otherwise spent the time in question on being paid for his work. But, ultimately, I've not been presented with enough to persuade me that he has lost out financially here, in the sense that he would otherwise have spent this time on being paid for work but for this issue. And, as outlined above, even if Mr C had been given the correct information earlier, he would have still needed to spend the time to find an alternative way to receive the payment given that Handelsbanken wouldn't have accepted it. So, with that in mind, I'm satisfied that compensation of £500 is fair to recognise the impact caused.

Handelsbanken also says it agreed to waive Mr C's account fee and provide an interest-free overdraft facility. I think this is reasonable and, arguably, more than fair in the circumstances. With this in mind, I'm not going to direct it to continue to do this moving forward. But if it wants to do this as a matter of good customer service for Mr C, then it can choose to do so if it wishes.

My final decision

Handelsbanken plc doesn't need to do anything more to resolve this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 16 August 2023.

Hana Yousef
Ombudsman