

The complaint

X complains that Marks & Spencer Financial Services Plc, trading as M&S Bank, failed to credit payments to his account and have got the balance of the account wrong.

What happened

The details of this complaint are well known to both parties, so I won't repeat them again here. Instead, I'll focus on giving my reasons for my decision.

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 agree with the investigator's opinion. I'll explain why.

Where the information I've got is incomplete, unclear, or contradictory, as some of it is here I have to base my decision on the balance of probabilities.

I've read and considered the whole file, but I'll concentrate my comments on what I think is relevant. If I don't comment on any specific point it's not because I've failed to take it on board and think about it but because I don't think I need to comment on it in order to reach what I think is the right outcome.

X originally complained that a payment of £319.14 had been mislaid and M&S Bank made a number of mistakes when trying to reallocate the payment to X's account/s. Those mistakes spanned a period of several months, and I can understand X would have been confused about the balance on the account in the meantime. I can't see that, when trying to remedy the situation, M&S Bank considered the interest that may have accrued as a result of the payment not being credited correctly, and I can't see that they advised X about the status of any reports they may have made to his credit file about missed payments.

Since the complaint has been referred to this Service it has become apparent that a further payment of £401.13, made in December 2022, was also not credited to X's account. That was something M&S bank weren't aware of when they provided their final response on X's complaint, but they have now been prepared to consider it. M&S Bank have suggested the £401.13 payment went missing because the bank that X paid the bank giro credit in through had mis-keyed the account number and got a digit wrong, but X says the bank he used have explained they use an imaging device to make the bank giro credit and that they didn't need to key the information and couldn't, therefore, have made an error. While they dispute how the payment went missing, M&S Bank have been prepared to accept our investigator's view that the payment, along with the £319.14 payment, should be allocated to the account and backdated to the date it was paid. They've agreed to rework any interest due and to remove any fees incurred as a result of the missed payments.

Putting things right

M&S Bank should put the account back into the position it would have been, if the £319.14 and £401.13 payments hadn't gone missing and had credited the account on the days X paid them. That will mean that any interest or late payment fees associated with those payments should be removed.

Once M&S Bank have put the accounts right they should remove any adverse reports they may have made to X's credit file in relation to those missed payments.

X has experienced distress and inconvenience as a result of these issues. He has, for instance, had to escalate his complaint to this Service when I think it could have been resolved earlier. He's also explained how frustrating he found it for the issues not to be resolved and I can see there was more than one final response required in order to clarify matters. M&S Bank have already offered £130 in compensation, but I don't think that goes far enough, in the circumstances, and I'm asking them to pay X a further £70.

Since our investigator provided his view on this complaint it seems M&S Bank have been trying to resolve matters for X. I've seen copies of letters chasing outstanding debts and a letter dated 18 September 2023 that tries to explain the current account balance. I don't think that letter adequately explains where the balance M&S Bank say is outstanding, comes from. X has asked for a breakdown of the transactions M&S Bank claim were unpaid and has asked for a careful audit of the November and December 2022 payments to demonstrate exactly what has been paid and what hasn't. That seems a reasonable request.

It may be that after the accounts are reconstructed X still disputes the outstanding debt (if there is one). If that's the case he will need to set out why he continues to dispute the balance to M&S Bank and allow them to respond. This Service is only allowed to consider complaints after the business has provided their view.

My final decision

For the reasons I've given above, I uphold this complaint and tell Marks & Spencer Financial Services Plc to:

- Put the account back into the position it would have been, if the £319.14 and £401.13 payments hadn't gone missing and had credited the account on the days X paid them.
- Remove any interest or fees associated with the assumption the payments hadn't been made.
- Pay X £200 in compensation for the distress and inconvenience caused (less anything that has already been paid – which I think is £130).
- Provide a detailed response to X explaining how the new account balance has been calculated, the transactions that they say have not been paid, and detailing the interest and fees that have been removed.
- Remove any adverse reports they may have made to X's credit file in relation to this issue.

Under the rules of the Financial Ombudsman Service, I'm required to ask X to accept or reject my decision before 17 January 2024.

Phillip McMahon
Ombudsman