

The complaint

Ms S attempted to transfer funds to the account she holds with Lloyds Bank PLC ("Lloyds"). She complains that Lloyds credited the payment to the account of another customer. She hasn't been able to retrieve the funds to date.

What happened

Ms S holds an account with Lloyds. She also holds an account overseas with a bank which I'll call C. In 2022, Ms S attempted to transfer around £5,000 from her account with C to her Lloyds account. She used online banking and input the transaction details herself. She input her Lloyds account number correctly but unfortunately entered the wrong Swift code. She says that, when she realised that she had made a mistake, she asked C to terminate the transaction.

Ms S says that this request was declined by Lloyds because the funds had already been credited to a Lloyds account. This was the account of another Lloyds customer who is unknown to Ms S. That customer has the same account number as Ms S but a different sort code. Their sort code is linked to the Swift code which Ms S had used for the transaction.

Lloyds wrote to the customer who had received the funds but received no response from them. Ms S would like Lloyds to move the funds out of that customer's account into her own account. But Lloyds says it can't do that and that it can't speak to Ms S about the situation. It says that it can only deal with C and that Ms S needs to speak to C about the issue.

Ms S asked this service to look at the complaint. Our Investigator didn't think Lloyds had done anything wrong. But Ms S didn't agree and asked for the complaint to be reviewed by an Ombudsman.

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.

It's not in dispute that Lloyds processed the payment using the account number and Swift code provided by Ms S. The Swift code didn't match Ms S's sort code. But the account number and Swift code did match the details of another customer. So, rather than being bounced back to C, the funds credited that customer's account. Lloyds says there was no manual intervention in this process and I'm satisfied that was the case.

Ms S had included her sort code on the payment instruction as well as the Swift code. But Lloyds says this was only in the payment reference section. I'm satisfied that was the case. Lloyds says that any information in this section is for the customer, to help them identify the payment; it isn't used by the bank when processing the payment. I think that's reasonable. So, I don't think Lloyds did anything wrong by processing the payment using the account number and Swift code provided by Ms S or by crediting the account which matched those details.

Ms S has questioned the fact that another Lloyds customer has the same account number as her. I can understand Ms S being surprised by this and I think most customers would probably think their account number was unique. But the account number is never used as the sole identifier when making a payment: it's always used in conjunction with a sort code. The combination of the account number and sort code is unique to each customer and that was the case here. So, I don't think Lloyds did anything wrong here by allocating the same account number to two customers. And I don't find that this caused Ms S's loss.

Around two weeks after the payment was credited to the third party's account, C asked Lloyds to amend the transaction. Lloyds said that the payment couldn't be amended because it had already credited the account which matched the payment instructions. Lloyds noted at this stage that the name on the recipient's account didn't match the payment instructions (that is, the receiving account wasn't in Ms S's name). It asked if C wanted to recall the payment.

I've thought about the fact that the account names didn't match. But, in the specific circumstances here, I don't think Lloyds was obliged to check that the names matched when it processed the incoming payment. So, I don't think it did anything wrong by not picking up on this or raising it with C at the time. It did so later, as I've said above. At that point, C asked Lloyds to help it cancel the payment and return the funds.

Lloyds sent a letter to the recipient of the funds. It asked for their authority to debit the funds from their account. Two weeks later, Lloyds told C that it hadn't received a response. Lloyds wrote to the recipient again. After another two weeks, Lloyds still hadn't heard anything from the recipient. It contacted C and said it would close its case. It suggested that C deal with the recipient directly. I think that was reasonable.

I think that, by writing to the recipient, Lloyds has done enough at this stage to help C recover the funds. Lloyds is right that any further steps will need to be taken by C. Lloyds can't provide details about the recipient to Ms S directly. But if C attempts to recover the funds, I would expect Lloyds to co-operate by providing relevant information to C. This may involve sharing the recipient's details with C, upon C's request. I understand that no such request has been made by C to date.

Ms S has raised some questions about C's involvement in the transfer. I'm afraid I can't comment on that as I'm not considering a complaint about C. I'm only looking at what Lloyds did.

I sympathise Ms S and I'm sorry to disappoint her. But I'm afraid I don't think Lloyds has done anything wrong, so I'm not going to ask it to do anything. I would urge Ms S to contact C and ask for their help with recovering the funds.

My final decision

For the reasons above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms S to accept or reject my decision before 19 October 2023.

Katy Kidd
Ombudsman