

The complaint

Mrs D complains that MBNA Limited provided poor service when she was trying to recover funds sent to an incorrect account.

What happened

In June 2022, Mrs D made a balance transfer from one credit card to another. When doing so, she accidentally submitted incorrect account information and the payment of almost £5,000 was credited to the MBNA account of an unknown recipient.

When she realised her mistake in July 2022, Mrs D informed her bank and MBNA in order to recover the funds.

MBNA initially investigated the wrong payment. It said there was some confusion and it thought Mrs D was reporting a payment which had left her MBNA account. This delayed a complaint being raised.

Once MBNA spoke to Mrs D, it realised the misunderstanding. And by this time, Mrs D's bank had also been in touch with MBNA with a recall request. MBNA contacted its account holder who received the funds incorrectly, but they didn't respond and closed their account.

Mrs D complained that the delay in MBNA taking action significantly reduced her chances of recovering the money. MBNA acknowledges that its service fell short of what she could reasonably expect, and it paid £100 compensation into Mrs D's account. But Mrs D didn't think this went far enough to put things right, so she brought her complaint to our service.

Our Investigator didn't think MBNA could've done anything more to recover the funds. And she was satisfied the compensation paid fairly reflected the delay in logging the complaint and the misunderstanding of the circumstances. So she didn't think MBNA needed to do anything more to put things right.

As Mrs D didn't agree, the complaint has been passed to me to decide.

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 there was a delay in contacting the recipient regarding the funds that had incorrectly credited their account. This was due to a combination of things.

Firstly, Mrs D didn't realise herself that she'd made a mistake until over three weeks after making the payment. Then, once she'd reported her error, MBNA investigated the wrong payment. And the sending bank didn't contact MBNA with a recall request until another four weeks later.

Mrs D says MBNA's slow reaction reduced the chances of her money being recovered. But I don't agree, and I'll explain why.

Because the funds had already credited the recipient's account by the time the mistake was reported, MBNA would've always required the recipient's cooperation to recover the money. This wasn't forthcoming. And I'm not persuaded that had the request been made any sooner, the outcome would've been any different.

Whilst I have sympathy for Mrs D's position given the amount of money she's lost as a result of this, I'm satisfied that MBNA processed the payment based on the account details it was given. And it made reasonable efforts to recover the funds, despite this being unsuccessful.

That said, MBNA's service did fall short of what I'd expect, and I've no doubt this misunderstanding would've caused Mrs D some frustration at a time when she was already distressed. So it's right that compensation is paid and I'm satisfied £100 is fair in the circumstances based on what went wrong and the impact this would've had.

As MBNA has paid compensation to that effect, I don't find that it needs to do anything more.

My final decision

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

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs D to accept or reject my decision before 21 September 2023.

Sheryl Sibley
Ombudsman