

The complaint

Mr B complains that Lloyds Bank Plc hasn't refunded a failed internal money transfer.

What happened

On 29 September 2022 Mr B asked Lloyds Bank Plc (Lloyds) to transfer £10,000 from his current account to a friend who lived and banked abroad with another bank, 'P'.

Lloyds didn't have a direct relationship with P and so it used an intermediary bank, which did have a relationship with P, to make the transfer. However, on 2 October 2022 the intermediary bank rejected the payment and returned the money to Lloyds.

Mr B then asked Lloyds to resend the payment via a different intermediary bank. On 4 October 2022 Lloyds sent the funds to 'D' who sent the funds onto a third bank, 'E', which had an existing relationship with P.

Unfortunately, a few days later Mr B's friend said they hadn't received the payment and so Mr B contacted Lloyds to request the money be returned. He later raised a complaint about Lloyds' failure to return his funds.

Lloyds looked into things and contacted both D, E and P. D advised Lloyds that it had sent the funds to E and E had sent the funds to P. At Lloyds' request E tried to recall the money, but P didn't do so and P didn't respond to requests Lloyds about this either.

Lloyds told Mr B it was not responsible for the fact P wasn't responding to its requests, so it didn't uphold Mr B's complaint. It advised Mr B that it wasn't able to return the funds but it acknowledged that there was an initial delay in sending the payment and it offered £50 compensation for this.

Mr B remained unhappy and was of the view Lloyds ought to refund the money. So, he brought his complaint to our Service.

Our Investigator looked into things but didn't uphold Mr B's complaint. They said that international transfers often can't be reversed. They were satisfied this wasn't Lloyds's error and that Lloyds had made reasonable efforts to recover the funds. Whilst they empathised with Mr B's situation, they felt Lloyds had acted fairly and reasonably.

Mr B disagreed and so his complaint has been passed to me to consider.

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 recognise Lloyds identified an initial delay to the payment and offered compensation for this. However, Mr B hasn't indicated to our Service that this is something he'd like us to

consider further. The complaint Mr B has asked our Service to consider is Lloyds's failure to refund his £10,000 payment. So, this is all that I'll be commenting on in this decision

I was really sorry to read about the difficult circumstances Mr B has found himself in. I don't underestimate the impact losing this money has had on him and I'm also aware that he's been experiencing some very difficult personal circumstances. I recognise that this must have been incredibly upsetting and frustrating.

I think it would be helpful to begin by explaining that my role here is to look at the action that Lloyds took and whether it made a mistake. This means I would only direct Lloyds to do something differently if I felt it had acted unfairly. And after considering the evidence provided, I don't think Lloyds has done anything wrong – I'll explain why.

In terms of the payment itself – intermediary banks are often part of any process to transfer funds internationally. From the evidence I've seen, Lloyds made the payment correctly and in line with its usual process for doing so.

The evidence indicates that the payment was made to P but P has refused to respond to requests for the funds to be returned. Ultimately P's actions are outside of Lloyds's control because P was not acting on behalf of Lloyds. This means I don't think the issues with this payment are Lloyds's fault.

I also think Lloyds has acted fairly in trying to help Mr B recover the payment. I've seen evidence to show Lloyds attempted to contact D, E and P on multiple occasions in an effort to recover the funds. Ultimately it could only do so much as it didn't have control of the funds.

I appreciate why this will be an incredibly disappointing outcome for Mr B, but whilst I empathise with his situation, I can only consider the actions of Lloyds. And I'm satisfied Lloyds acted reasonably and isn't responsible for what's happened to Mr B's funds.

My final decision

For the reasons outlined above, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 18 December 2023.

Jade Cunningham
Ombudsman