

The complaint

P is a company which imports goods from overseas for resale. It complains that Santander UK Plc was responsible for delays in completing a payment to one of its suppliers. It says too that Santander did not do enough to trace the payment or to keep it informed.

P is represented by one of its two shareholders, whom I'll refer to as "Mr S". He has been authorised by P's sole director to represent the company.

What happened

On 19 May 2022 P instructed Santander to make a payment of US\$12,000 (equivalent to £10,183.75) to an overseas supplier. Santander carried out regulatory checks and, on 24 May 2022, confirmed that the payment had been approved. It was released on 26 May 2022.

The payment did not however reach the supplier for around a month. In the meantime, P chased Santander through Mr S and its director to find out the reason for the delay and to seek assurance that Santander was taking the necessary steps to ensure the payment was completed. Santander said that it was not responsible for the ongoing delays; it did however acknowledge that it had wrongly indicated that the payment would be credited to the supplier's account on 29 May 2022, although that was incorrect. It offered P £200 in recognition of that, but P did not accept it.

P also referred the matter to this service.

Our investigator considered what had happened but did not believe that Santander could be held liable for any delay. Its own checks had been completed within a reasonable time, and the ongoing delay had been the result of checks carried out by the supplier's correspondent bank, Bank of America. Santander's own correspondent bank, Deutsche Bank, had released the funds on 26 May 2022.

Mr S asked that an ombudsman review the case. I did that and issued a provisional decision, in which I said:

I can understand why P (through its shareholders) is concerned by the time the payment took to reach its supplier. I can understand too that any delay in making payment can cause reputational damage to a company, potentially leading to significant losses.

It is unsurprising too that Mr S and P's director want to know who was responsible for the delay in this case. That might enable them to avoid similar issues in the future and to consider whether they can take action against whoever was responsible.

I think however it's important to have in mind that my primary role in considering P's complaint is to consider whether Santander has treated the company unfairly and, if it has, to consider what it ought to do to resolve matters. It is not for me to conduct a wider investigation into the reasons for any delay; I have no power to attribute blame to any other party which might be involved.

Having considered the available evidence in this case, I am satisfied that Santander carried out its checks in good time that its correspondent bank, Deutsche Bank, released the payment without unnecessary delay. That is, if there were further delays, they were the result of actions taken by the supplier's bank or its correspondent bank. But, as I say, I have not investigated their actions and make no further comment on them.

I am satisfied too that Santander took reasonable steps to trace the payment when it became aware that it had not been credited to the supplier's account.

I note as well that the account terms included special conditions relating to international payments. Clause 16.8.4 said:

International Payment delays or failures

We shall not be liable for any loss you may incur or suffer as a result of any delay or failure in an International Payment reaching the bank (or other financial institution) account of the beneficiary of the payment, where that delay or failure is a result of (or arises in connection with):

- a) any part of the international identifier you give us under Condition 8.3 d) in Section A being incorrect or incomplete;*
- b) any failure or delay on the part of the bank (or other financial institution) to credit the beneficiary's account;*
- c) any statutory or other legally required checks being carried out in relation to the International Payment; or*
- d) any event or circumstance beyond our reasonable control.*

In my view, the last three of these could apply here.

Finally, Mr S has suggested that, if Santander had explained that two correspondent banks were involved in the payment, he or the supplier could have taken further steps to speed matters up. It is not clear what steps he could have taken, however, or what effect they would have had. And it seems to me very likely that the supplier would have been seeking information about the payment from its own bank in any event.

Mr S did not accept my provisional decision, and so I have reviewed things afresh.

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.

In response to my provisional decision, Mr S expressed the view that the Financial Ombudsman Service could not be impartial since it is "*in the employ*" of the organisations it judges. I'll address that point. This service, in common with similar ombudsman schemes around the world, is funded by a combination of levies on the financial businesses it covers and case fees paid by a financial business when a complaint about it is dealt with. That is, the service is funded by the industry, because that is what Parliament intended when the scheme was set up. That enables complainants to refer complaints to the service at no direct cost to themselves. And the service has no financial interest in the outcome of any individual complaint; the case fee is the same, whether or not a complaint is upheld.

Mr S said too that he did not feel that Santander had done enough to seek to trace the funds; this was a key point of the complaint which I had not considered. As I said in my provisional decision, however, I am satisfied that it took reasonable steps to do so. Once the

funds were with the supplier's bank (or its correspondent), there was very little that Santander could do. And I would not expect it in any event to go to the lengths which Mr S suggests it should have gone to.

My final decision

For these reasons, my final decision is that I do not uphold P's complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 10 January 2024.

Mike Ingram

Ombudsman