

## **The complaint**

Mr Y has complained about the administration of his offset mortgage account by Lloyds Bank PLC trading as Scottish Widows Bank (referred to here as SWB).

To settle the complaint Mr Y wants SWB to credit his offset account correctly and adjust interest accordingly. Mr Y also wants SWB to pay him compensation of £1,500, for SWB's CEO to issue a written apology and ensure that Mr Y has immediate access to a senior member of staff at SWB.

## **What happened**

I do not need to set out the full background to the complaint. This is because the history of the matter is set out in the correspondence between the parties and our service, so there is no need for me to repeat the details here. In addition, our decisions are published, so it's important I don't include any information that might lead to Mr Y being identified. So for these reasons, I will instead concentrate on giving a brief summary of the complaint, followed by the reasons for my decision. If I don't mention something, it won't be because I've ignored it; rather, it'll be because I didn't think it was material to the outcome of the complaint.

No discourtesy's intended by that. This approach is consistent with what our enabling legislation requires of me. It allows me to focus on the issues on which I consider a fair outcome will turn, and not be side-tracked by matters which, although presented as material, are, in my opinion peripheral or which have little or no impact on the broader outcome.

In addition, SWB has accepted an error was made and offered redress. Therefore I don't need to analyse each and every point Mr Y has made in order to determine whether or not the bank is at fault. What I need to determine is whether the redress offered is fair and reasonable, or if there is anything further SWB needs to do to put things right.

The complaint can be summarised quite simply. Mr Y has an offset mortgage with SWB taken out in 2008. The mortgage works as follows. There is an Offset Saver Account (OSA) linked to the mortgage. Funds can only be deposited into the OSA from a nominated linked account with a UK bank or building society.

Mr Y set up a linked account to be used to pay funds into the OSA in 2008. However, the OSA wasn't funded until 2022.

The complaint arises out of three payments Mr Y wanted to make. The first, for £800,000, was sent to SWB on 2 September 2022. However, SWB wasn't able to identify this as coming from the nominated account, and so returned it to the originating bank. SWB also noted that the address given for Mr Y on the payment instruction did not match the address it held for him in its records.

For reasons that are unclear (and which do not involve SWB), the originating bank did not immediately re-credit the £800,000 to Mr Y's account. Naturally, Mr Y was very worried

about what had happened to his money. He wanted SWB to find out, but the bank said that he'd need to chase this up with his own bank. Tensions escalated, unfortunately, and resulted in a stalemate with Mr Y still frustrated and unhappy.

Mr Y wanted to make two further payments – one of £350,000 on 22 September 2022 and the second for £150,000 on 3 October 2022. Each time Mr Y asked SWB to confirm the payment details, as he didn't want his funds to go missing again. SWB didn't respond.

It wasn't until 20 October 2022 that Mr Y made a payment of £1.3 million, after SWB explained to him that he'd need to set up a new direct debit on the nominated account because the original one, not having been used since 2008, had lapsed.

That is the issue at the heart of the complaint. I can see from the correspondence that there has been a lot of back-and-forth between Mr Y and SWB, trying to resolve the issue which, over time, has unfortunately become increasingly contentious.

Because the matter wasn't resolved, Mr Y brought it to our service. An investigator looked at what had happened and thought the complaint should be upheld. She asked SWB to treat the payments as if they had been made as follows:

- £800,000 backdated to 2 September 2022 when this had initially been made;
- £350,000 backdated to 22 September 2022 when Mr Y asked SWB to confirm the bank details so he could make this payment;
- £150,000 backdated to 3 October 2022 when Mr Y again asked SWB to confirm the bank details, as his previous request had not been answered.

The investigator also asked SWB to pay compensation of £500 for distress and inconvenience.

SWB agreed with the £500 payment for distress and inconvenient, but didn't agree with backdating the account in this way.

SWB provided us with what it said was its calculation of redress, referring to a payment of £535,000 received in November 2022, and compensation of £4,168.42.

Another investigator had taken over the case, and she thought the redress proposed seemed fair.

Mr Y wanted the redress the first investigator had proposed, but thought the compensation for distress and inconvenience should be increased to £1,500.

Because the matter is still unresolved, it falls to me to issue a decision on the complaint.

### **Provisional decision of 6 December 2023**

I issued a provisional decision in which I reached the following conclusions.

I agree that SWB should pay redress to Mr Y, but my reasoning and the dates involved are different from the investigator's.

First of all, I struggled to make sense of the calculation SWB provided which was set out in a series of internal emails dated 18 and 19 January 2023. They referred to £535,000 credited in November 2022, not £1.3 million paid on 20 October 2022. However, on looking at the emails from SWB (and in particular an email dated 18 January 2023 timed at 16:13), it is clear that this calculation relates to an entirely different customer and has nothing to do either with Mr Y's account or this complaint.

In relation to the £800,000 payment made on 2 September 2022, I do not dispute what Mr Y says – that he instructed his bank to make the payment from his designated OSA account. However, that is not how the payment arrived at SWB, as it had a different sort and account code. In addition, the address on the payment instruction did not match the address SWB had on file. In the circumstances, I am satisfied that it was reasonable for SWB to have returned the funds to the originating bank.

It's unfortunate that the originating bank then delayed in re-crediting these funds to Mr Y. However, I can't hold SWB responsible for any acts or omissions on the part of the originating bank that resulted either in the £800,000 not being credited to the account on 2 September 2022, or in the delay in those funds then being re-credited to Mr Y.

I won't go into the history of the communication between the parties after that – it's been well rehearsed in the correspondence and doesn't really affect the outcome of the complaint. However, I am satisfied that Mr Y had requested information about how to make another payment on 22 September 2022, which was ignored by SWB.

I think that if SWB had answered Mr Y he would have made another payment on that date, which he has told us was to have been £350,000.

SWB also didn't respond to Mr Y's request on 3 October 2022, when he had wanted to pay another £150,000. Again, I think that if SWB had responded, he'd have paid both this and the £350,000 then.

I don't know when the originating bank re-credited Mr Y's account with the £800,000 that had been returned on 2 September 2022. I would ask Mr Y to please provide this information, with evidence in support, as it is relevant to the redress I intend to order, detailed below.

### **Putting things right**

***The £800,000 payment:*** I am not persuaded that SWB is required to backdate this to 2 September 2022. This is because I am satisfied that the transfer information from the originating bank showed an incorrect account, not the OSA, and an address that didn't match the one SWB had on file. As I've already explained, SWB isn't responsible for any incorrect information provided by the originating bank on the payment instruction. SWB was therefore not at fault in relation to returning the funds on 2 September 2022.

If Mr Y is able to provide evidence that he had those funds re-credited and available on 22 September 2022 and could have paid the £800,000 on that date, then I will order SWB to backdate the £800,000 to that date.

If Mr Y didn't have the funds by 22 September 2022 but had them by 3 October 2022, and could have paid them on that date, then I will order SWB to backdate the £800,000 to that date.

If Mr Y didn't have the funds by 3 October 2022, then I will not order them to be backdated, but to be applied to the account on the date they were paid, 20 October 2022.

**The £350,000 payment:** Mr Y has explained that he was able to pay the £350,000 on 22 September 2022 and, but for SWB failing to respond would have done so. I am satisfied that the £350,000 payment should be backdated to 22 September 2022.

**The £150,000 payment:** Mr Y had those funds available on 3 October 2022 and could have paid this amount then, but for SWB failing to respond. I am satisfied that the £150,000 payment should be backdated to 3 October 2022.

**Distress and inconvenience:** I am sure it was very worrying for Mr Y when he thought his £800,000 had gone missing. I can understand this, but I also note that Mr Y wanted SWB to trace this with the originating bank, when SWB had (correctly) told him to follow it up with that bank. It's clear from the file that this was frustrating for Mr Y. I also note that SWB's customer service was unsatisfactory, as it failed to respond to Mr Y's requests for information. Overall, I think a payment of £500 for distress and inconvenience is fair, reasonable and proportionate in all the circumstances of this case.

### **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.

Neither Mr Y nor SWB has provided any further information in response to the provisional decision. However I am satisfied it is appropriate to proceed with a final decision.

Because there are no further submissions from either party about the merits of the complaint, I see no reason to depart from the conclusions reached in my provisional decision, set out above.

It is up to Mr Y to decide whether or not he wants to provide SWB with the information about when the £800,000 was back in his account, in order that the redress can be calculated. If he doesn't wish to do so, then SWB will not be able to carry out the appropriate backdating calculations for that sum, but it will be able to do so for the £350,000 and £150,000.

### **Putting things right**

**The £800,000 payment:** If Mr Y is able to provide evidence that he had those funds re-credited and available on 22 September 2022 and could have paid the £800,000 on that date, then SWB must backdate the £800,000 to that date.

If Mr Y didn't have the funds by 22 September 2022 but had them by 3 October 2022, and could have paid them on that date, then SWB must backdate the £800,000 to that date.

If Mr Y didn't have the funds by 3 October 2022, then they do not need to be backdated, but should be applied to the account on the date they were paid, 20 October 2022.

**The £350,000 payment:** Mr Y has explained that he was able to pay the £350,000 on 22 September 2022 and, but for SWB failing to respond would have done so. I am satisfied that the £350,000 payment should be backdated to 22 September 2022.

**The £150,000 payment:** Mr Y had those funds available on 3 October 2022 and could have paid this amount then, but for SWB failing to respond. I am satisfied that the £150,000 payment should be backdated to 3 October 2022.

**Distress and inconvenience:** I can only reiterate what I said in my provisional decision. I am sure it was very worrying for Mr Y when he thought his £800,000 had gone missing. I can understand this, but I also note that Mr Y wanted SWB to trace this with the originating bank, when SWB had (correctly) told him to follow it up with that bank. It's clear from the file that this was frustrating for Mr Y. I also note that SWB's customer service was unsatisfactory, as it failed to respond to Mr Y's requests for information. Overall, I think a payment of £500 for distress and inconvenience is fair, reasonable and proportionate in all the circumstances of this case.

### **My final decision**

My final decision is that I uphold this complaint. I direct Lloyds Bank PLC trading as Scottish Widows Bank to settle the complaint as directed above, subject to Mr Y providing the information about when the £800,000 was back in his account. I also direct Lloyds Bank PLC trading as Scottish Widows Bank to pay compensation of £500 for distress and inconvenience. I make no other order or award.

This final decision concludes the Financial Ombudsman Service's review of this complaint. This means that we are unable to consider the complaint any further, nor enter into any discussion about it.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr Y to accept or reject my decision before 30 January 2024.

Jan O'Leary  
**Ombudsman**