



## Case study: Banking

### INCORRECT PAYMENT INSTRUCTION LEADS TO COMPLAINANT'S LOSS

Themes: Branch sort code; authorised payment instructions; incorrect payment instructions.

This complaint related to a complainant's loss when incorrect payment details were provided to cover a utility bill. In January 2022, Mr A arranged to pay a utility bill for approximately £500. However, the bill was not paid as Mr A had used an incorrect bank branch sort code when he input the payment details into the on-line payment application. Mr A did not realise he had not made the payment until March 2022 when he received another bill from the utility company. When Mr A realised the payment he had sent in January had not been paid to the correct recipient, he requested his bank to recall the money. The bank attempted to recall the money, but the recipient bank refused to provide a refund. Mr A made a complaint to his bank as he had previously made another incorrect payment a few months earlier and the bank had been able to recall his money. The bank rejected Mr A's complaint and he referred this to CIFO.

CIFO investigated and suggested that as the payment had been sent to the wrong account, perhaps Mr A's bank could again request a retrieval of the money from the recipient bank. Mr A's bank told CIFO that the standards body for the UK retail interbank payment systems had said that no further recall request should be made so the bank did not proceed with an additional request.

CIFO noted that Mr A's bank had made the payment in accordance with Mr A's instructions and had attempted to recall the money sent to an incorrect sort code as soon as they were alerted by Mr A. Mr A's bank had also followed up on the recall request and kept Mr A informed of its actions. CIFO noted that the incorrect payment was made to a 'collection' account, meaning an account used to collect bill payments, and the recipient bank would not have known the identity of the underlying customer, even if they could legally share that information.

CIFO considered the fact that Mr A's bank had not requested another recall of the money when CIFO had asked. However, if the standards body for the UK retail interbank payment systems had advised against another recall request it was not unreasonable for Mr A's bank to follow this advice. CIFO felt that Mr A's bank had acted reasonably in its attempt to recover the money and had processed Mr A's payment in accordance with his instructions. CIFO did not uphold the complaint.