

The complaint

Mr F complains that The Co-Operative Bank Plc acted unfairly when it refused to follow his payment instructions. He's also unhappy that the bank closed his account and the service the bank provided him. He wants compensation for the trouble and upset he suffered.

What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr F had a personal current account with the Co-Op. Mr F has explained, that although he had other bank accounts, his account with the Co-Op was his main account, and that he used the account to pay his direct debits and everyday expenses.

In late October 2022, Mr F tried to send a faster payment of £6,000 from his Co-Op account to another account he held with a different bank. But when Mr F checked if the payment had been made, he found that the Co-op had stopped the payment. Mr F called the Co-Op and was told that the payment had been referred for further checks and following this that the bank had made the decision not to send the payment.

During the call the bank's advisor asked Mr F some questions about the payment and told Mr F to visit a branch with some identification. The bank also blocked Mr F's account. Mr F wasn't happy about the questions the advisor asked him about the payment and thought they were irrelevant. So, he raised a complaint about this.

Following this, on 2 November 2022, Co-Op called Mr F and left a message asking him to take in a bank statement relating to an account he held with another bank when he visited the branch with his identification. Mr F called the bank to clarify what he needed to take to the branch. And to find out what was happening with the complaint he'd raised the previous day, but the advisor said he couldn't see that any complaint had been documented. So, Mr F raised a further complaint.

On 4 November 2022, Mr F went into a branch with his identification and bank statement. Mr F asked to withdraw the £6,000 that he'd wanted to transfer in October, in cash. The bank staff reviewed Mr F's bank statement and asked him where the money that had been paid into the account and that he wanted to transfer, had come from. Mr F refused to provide the information and said it was his money, he wanted the funds and that it was none of the bank's business where the money had come from. In response, the bank said it wasn't willing to allow Mr F access to the money in his account. Following this, Co-Op moved Mr F's balance to a sundry account.

On 8 November 2022, Mr F received a text message from Co-Op stating that his account may exceed his overdraft limit due to upcoming payments. Mr F called the bank and asked what was happening with his account and explained that he believed he had enough money in the account to meet any upcoming payments. The advisor told Mr F that she couldn't provide

Mr F with much information so Mr F raised a further complaint and submitted a data subject access request (DSAR).

On 22 November 2022, Co-Op decided to close Mr F's account immediately and wrote to him letting him know that he'd need to make alternative banking arrangements. The bank sent Mr F a cheque for his closing balance on 28 November 2022. Co-op reissued a cheque for the closing balance on 19 December 2022. However, Mr F says he never received either of the cheques. So, he's still without his funds.

In response to Mr F's complaints, Co-Op said that it had looked at all of Mr F's complaint points that he had raised. And that all of Mr F's complaints had been logged correctly. It said it hadn't done anything wrong when it had blocked the payment Mr F wanted to make and asked him for more information. The bank also said that it had closed Mr F's account in line with the terms and conditions of the account. However, the bank accepted that it should have provided better service to Mr F – in particular that it should have been clearer about what information it wanted Mr F to take into a branch and that it should have dealt with Mr F's DSAR request quicker. It apologised and offered Mr F £50 compensation for any trouble and upset this had caused him. The bank also sent Mr F all the information he'd requested in his DSAR.

Unhappy with this response, Mr F brought his complaint to our service where one of our investigators looked into it. The investigator didn't uphold Mr F's complaint and said that Co-Op hadn't done anything wrong when it declined to send Mr F's payment and asked him for more information. The investigator didn't think the bank had treated Mr F unfairly when it had closed his account immediately and had done enough to put things right by offering Mr F compensation. Mr F disagreed. He said he never received the cheques for his account balance and is still waiting for his money to be returned to him. He wants compensation for the way the bank has treated him, which he says caused him a great deal of suffering and upset.

As no agreement could be reached the matter has come 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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information Co-Op has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Mr F, but I'd like to reassure him that I have considered everything.

I'll start by setting out some context for Co-Op's actions. As the investigator has explained, Co-Op are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. They're also required to carry out ongoing monitoring of new and existing relationships. In order to comply with these obligations, they may need to review activity taking place on accounts and ask customers for information, for example about payments, and information about the individuals operating the accounts – it's entitled and obliged to carry out such checks.

I understand why Mr F is upset about the way it handled his payment instruction and that it can be inconvenient if a transaction is held up pending the outcome of further checks. Mr F

has explained that the payment he wanted to make came from money in his account that he wanted to move to another bank account he had. So, he can't see any reason why Co-Op wouldn't allow the payment he wanted to make. He's said that the bank made him feel like a criminal by asking him questions and when it made him visit a branch.

I've looked at Co-Op's account terms and conditions. They set out when Co-Op can delay or refuse to act on a payment instruction. The terms state that Co-Op will always follow an instruction unless one of a number of reasons apply and that they have a right to decline a faster payment instruction if they deem it necessary to conduct further checks. The terms also say customers can contact Co-Op for an explanation as to why a payment was declined. But also state that Co-Op won't disclose the reason if there's a legal or security concern that prevents it from doing so.

The payment Mr F wanted to make was flagged by Co-Op's fraud detection system for further checks. Having looked at all the evidence, including the information Co-Op has provided about its checks, listening to the call recordings, and how Mr F reacted to its requests for more information, I don't think it was unreasonable for Co-Op to have had concerns about the payment. Ultimately it is Co-Op who decide what information they do or do not require as part of a review and they have a duty to protect their customer's money and understand where it came from in order to comply with its legal and regulatory obligations. As a result of those checks Co-Op declined Mr F's payment instruction. Based on all the evidence, I don't think I can reasonably conclude Co-Op were at fault for doing so. I'm also satisfied that they did so in line with the terms and conditions of Mr F's account.

Mr F has said that the money he wanted to transfer came from another of his own accounts and that Co-Op therefore shouldn't have blocked the payment. But it's for Co-Op to decide what factors their system should look at when reviewing transactions. And I've not seen anything to suggest it was used incorrectly here. So, I can't say Co-Op did anything wrong or treated Mr F unfairly when it declined to process his payment instruction in October 2022. So, it wouldn't be appropriate for me to award Mr F compensation as I'm not satisfied Co-Op treated Mr F unfairly when it declined Mr F's payment instruction and asked him for information.

I understand of course why Mr F wants to know the exact reasons behind Co-Op's decision to decline the payment. Having listened to the call recordings of Mr F's conversations with Co-Op I accept that Mr F asked Co-Op to explain itself on several occasions. But Co-Op doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr F the reasons why it stopped the payment, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr F this information. And it wouldn't be appropriate for me to require it to do so.

I've next gone on to consider whether Co-Op acted fairly when it closed Mr F's account. In doing so, I've looked at the terms and conditions of the account. The terms and conditions outline that the bank can close a customer's account with two months' notice, and in certain circumstances they can close an account immediately. In this case Co-Op closed Mr F's account without notice. For Co-Op to act fairly here they needed to meet the criteria to apply their terms for immediate closure – and having looked at these terms and all the evidence I'm satisfied that the bank did. And that it was entitled to close the account as it's already done.

When Co-Op closed Mr F's account it sent him a cheque for his closing balance in line with its processes. I've seen evidence that it did this on 28 November 2022, and that the cheque was then reissued on 19 December 2022. It's not for me to decide whether the policy itself was fair or correct or require the bank to change this. Mr F has said that he hasn't received either cheque. But I haven't seen any evidence that this was as a result of anything Co-Op

did or didn't do. So, I can't hold them responsible for Mr F not receiving the cheques.

Finally, Mr F says he is unhappy about how Co-Op dealt with his complaints. But complaint handling isn't a regulated activity or other covered activity, So, as a general rule, and in line with the law if the complaint is solely about complaint handling, we wouldn't be able to look into things. Where complaint handling forms part of a customer's complaint, then we can take into account complaint handling when looking at the overall customer experience. Here I'm satisfied that the issues which Mr F has raised are an extension of the issues which relate to regulated activities – in this instance Co-Op declining Mr F's payment instruction.

Co-Op has accepted it should have provided Mr F with better service when he spoke to staff about his account and the payment he wanted to make. Having looked at the evidence I can see that the Co-Op initially told Mr F that he only needed to go into branch with his identification so that the payment could proceed. However, it then told him he also needed to take his bank account statement so that he could prove where the money had come from.

Mr F says because of the mixed messages he received, he was left feeling confused and had to contact Co-Op to clarify exactly what he needed to do. Having looked at everything, I think Co-Op could have been much clearer with Mr F from the outset, which would have negated the need for Mr F to contact the bank again. The bank has also said that it can't explain why its advisor couldn't see Mr F's complaint when he called the bank on 2 November 2022 to clarify what he needed to take into branch. So, I'm satisfied that Co-Op's service fell short, and that Mr F was caused some trouble and upset by the bank's actions. Co-Op has apologised and offered Mr F £50 compensation. I'm satisfied that this is fair and reasonable way to resolve to resolve this aspect of Mr F's complaint. So, I won't be directing Co-Op to do anything more. I'll leave it up to Mr F, if upon further reflection, he wishes to accept this offer.

In summary, I appreciate it must have been inconvenient and upsetting for Mr F when he couldn't make his payment and his account was closed. So, I realise he will be disappointed by my decision. But having looked at all the evidence and circumstances of this complaint, I'm satisfied that Co-Op have done enough to put things right and I won't be asking them to do anything more to resolve Mr F's complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr F to accept or reject my decision before 5 February 2024.

Sharon Kerrison
Ombudsman