

The complaint

B, a limited company complains that The Co-operative Bank Plc (The Co-op) unfairly refuses to remove a former director from its bank account.

B is represented in its complaint by Mr A, a director of B.

What happened

Mr A says that in March 2022 he asked The Co-op to remove a former director as signatory because the individual was no longer a director of B. For ease, I will refer to the former director as Mr Y. I have chosen a different initial to prevent inadvertently identifying the parties to the dispute.

Mr A says The Co-op refused to remove Mr Y without his signature. Mr A says he was concerned as Mr Y was still able to access B's account.

Mr A says that to keep B's money safe, he transferred the balance over to another account. Mr A says that the situation has caused a great deal of stress and that directors of B are struggling with poor mental health as a result. Mr A says that going back and forth to The Co-op over the last few years has wasted B's time. He estimates the inconvenience has caused a loss to B of around £12,000. Mr A wants The Co-op to remove Mr Y as signatory and pay compensation to B.

The Co-op didn't uphold B's complaint. It explained that under the terms of B's account, both signatures were needed to remove Mr Y as signatory and to close the account. The Co-op suggested that B seek legal advice.

The Co-op said that to remove Mr Y, Mr A should either supply a signed letter of resignation or a completed change of account signatories form signed by Mr Y. Although Mr A sent The Co-op a letter of termination, it was not signed by Mr Y.

The next record of contact from Mr A that The Co-op had was in April 2023 when he complained.

Our investigator didn't recommend upholding B's complaint. She noted that Mr Y contacted The Co-op to say he was in dispute with Mr A. Although Mr A sent The Co-op a record showing Mr Y had been removed from B's list of directors, this wasn't good enough evidence to remove him as the change of signatories form didn't include Mr Y's signature.

Our investigator didn't think The Co-op acted unfairly when it said both signatories needed to sign to update B's account. She thought The Co-op had explained to Mr A what it would need to see for Mr Y to be removed.

Our investigator said that the terms of B's account allow The Co-op to block or suspend the account if it becomes aware of any dispute between the directors. Overall, our investigator thought The Co-op was acting cautiously and that it wasn't unreasonable to recommend that B take legal advice.

Mr A disagrees with the investigation outcome. He has supplied copy correspondence confirming Mr Y's termination by B. Mr A also gave The Co-op a link to the page on Companies House which shows Mr Y's removal as director.

Mr A says The Co-op has left B in the dark throughout the process and that it has left out key information. Mr A says he spoke to The Co-op in 2022 and asked it to send information about its complaints procedure which took more than six months to arrive.

Mr A says it's not possible to get a signature from Mr Y but The Co-op hasn't advised what steps to take, leaving B's account open to fraudulent activity.

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 realise that I have summarised this complaint in less detail than the parties and that I have done so using my own words. Although I may not comment on each and every point Mr A has raised, this doesn't mean I have not read and considered everything that has been provided. Instead, I have focussed on what I consider to be the key points. This is not intended as a discourtesy – it simply reflects the informal nature of this service.

I am sorry to hear about the personal impact felt by Mr A and the other directors but B is a limited company and so its own legal entity. This means I can't consider the upset Mr A or the other directors have felt personally. I can only consider whether The Co-op acted fairly and reasonably towards B.

I appreciate that it will come as a disappointment to Mr A but I don't find The Co-op acted unreasonably, so I won't be asking it to take any action in response to B's complaint.

If a signatory is to be removed from an account, The Co-op requires that signatory to sign the relevant form. In B's case, this would be Mr Y. The same form does say that if any outgoing signatories are unobtainable, a signed letter can be provided. But the letter needs to be signed in accordance with the existing mandate. In B's case, the existing mandate is two to sign. And the two signatories are Mr A and Mr Y. I realise that Mr Y no longer works for B, but I don't think this means The Co-op is wrong to say that it won't remove him from the mandate without his signature on either the form or a letter.

The Co-op has previously suggested that B take legal advice to try and resolve the matter. I understand Mr A has received legal advice that, based on Mr Y's removal as director and employee, he should be removed as signatory. But it would be for The Co-op and B's legal representative to try and work out a solution. Based on the information I have; I don't think I can require The Co-op to make the changes B seeks.

As I don't consider The Co-op has treated B unfairly, I don't require it to pay compensation or take further action in response to this complaint. I am sorry that this is likely to disappoint Mr A who remains concerned about Mr Y regaining access to the account. I hope the fact that B has the use of an alternative bank account which doesn't involve Mr Y, is of some comfort to Mr A and his fellow directors.

My final decision

My final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask B to accept or

reject my decision before 30 May 2024.

Gemma Bowen
Ombudsman