

The complaint

Mr H complains The Co-operative Bank plc (COOP) acted unfairly when it blocked his bank account.

What happened

Mr H says following a successful tribunal he had a lump sum deposited with a local financial institution. Mr H says this account was restricted to a maximum cash withdrawal of £600 per day and it took a few weeks of daily deposits into his COOP bank account, where he wanted the funds deposited, in order to initiate a transfer of £13,000 to a pension investment.

Mr H says that despite providing evidence of the transactions to the COOP counter staff, his bank account was blocked and it took several weeks for the block to be lifted, to allow the transfer of the monies to his pension investment account – additionally the COOP never told him his account had been unblocked.

Mr H says he also was held waiting for over two hours on the telephone when trying to discuss his problem and COOP have provided poor customer service and caused him unnecessary stress. Mr H says COOP only offered him £30 as a compensation payment, which he says doesn't cover his loss of interest or the trouble he has gone through.

COOP says it tried to contact Mr H by telephone and left messages with him to contact them along with an email but it received no response, and therefore due to the unusual nature of the transactions seen through his bank account, it acted fairly when it blocked the account, in line with its fraud prevention measures. COOP says when Mr H visited the branch to provide the evidence of the transactions, the block was released from his bank account the following week.

The COOP accepted Mr H had experienced long wait times when he contacted them and awarded him £30 by way of an apology.

Mr H wasn't happy with COOP's response and referred the matter to this service.

The investigator looked at all the available information and upheld the complaint. The investigator felt although COOP were entitled to block Mr H's bank account, given the nature of the transactions passing through the account, it failed to let Mr H know the block had been lifted, after it had completed its regulatory checks. The investigator felt this caused a delay in Mr H being able to make the transfer to his pension investment and asked COOP to pay him £200 to compensate for that.

The COOP accepted the investigator's view, but Mr H didn't feel it went far enough and asked for the matter to be referred to an ombudsman for a final decision.

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.

Having done so, I will also be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating for Mr H to be questioned as to the origin of the funds he was depositing into his COOP bank account, when he believed he had explained this to its counter staff on previous occasions. I can also understand it would have been upsetting for Mr H to see his bank account blocked, preventing the transfer to his pension investment.

When looking at this complaint I will consider if COOP acted unreasonably when it blocked Mr H's bank account and if it acted soon enough to release it once its regulatory checks had been carried out.

From the information provided I can see that Mr H paid in £600 in cash practically every day into his COOP bank account, withdrawing it from his other banking provider, over a few weeks. This was explained by Mr H as the other banking provider, where his large tribunal payment had been made, set £600 as a daily cash withdrawal limit. So, while perhaps Mr H may not have been aware, or chose this as his preferred way of making the deposit to the COOP, this wasn't the most efficient way to have deposited the monies, and by doing so it would have alerted COOP to a number of unusual transactions.

It's fair to say that banks like COOP have a regulatory requirement to check transactions passing through its customers bank accounts and this is referred to in its terms and conditions. While I understand Mr H feels he had informed the counter staff at COOP that the monies had come from his other banking provider and showed receipts, it would be the COOP's compliance team who would need to be satisfied of the origination of these transactions and decide if any account is blocked or not.

From the contact records notes I can see that COOP attempted to telephone Mr H before the block was placed on the account and also sent an email, so I'm satisfied in all probability it did attempt to contact Mr H to avoid the block being placed.

With that in mind, I can't say COOP acted unfairly when it placed the block on Mr H's bank account.

Where I do have an issue, like the investigator, is the fact I can't see any evidence the COOP let Mr H know it had removed the block from his bank account on 8 April 2022, after the COOP bank staff had confirmed the origination of the deposits he had made to the account. It's reasonable to think if Mr H had been told that at the time, he would have initiated the deposit to his pension investment.

So while it's not my role to penalise businesses when mistakes are made and poor service is provided, here I agree £200 is a fairer sum to pay Mr H for the lack of access to his bank account and the inconvenience this has caused him, allowing for the fact the COOP has already paid Mr H £30 for the telephone delays he experienced.

While Mr H will be disappointed with my decision, I am satisfied this is a fair outcome here.

Putting things right

I instruct The Co-operative Bank plc to pay Mr H £200 for the lack of access to his bank account and the trouble and upset caused.

My final decision

My final decision is that I uphold this complaint.

I instruct The Co-operative Bank plc to pay Mr H £200 for the lack of access to his bank account and the trouble and upset caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 October 2022.

Barry White
Ombudsman