

The complaint

P is a sole trader. Mrs P is unhappy with a number of aspects of the service she received from The Co-operative Bank Plc (The Co-op) when operating her business account.

What happened

Mrs P has had a business account (the Account) with The Co-op for a number of years. The Account bore both her initials, followed by her surname and the 'trading as' name of her business.

In May 2020, Mrs P took out a £20,000 Bounce Back Loan (BBL) with The Co-op which ran alongside the Account.

Mrs P has told us that:

- Although she began experiencing problems operating the Account during the 2020 pandemic, contrary to her expectations things didn't improve much after it had ended. In particular, from around 2021, online banking services were frequently off-line.
- Difficulties operating the Account was further exacerbated by unauthorised changes that the bank had made to the name on the Account. That resulted in her customers being unable to make payments to her business.
- The bank's customer service in general was also poor, especially in relation to the time it took the bank to respond to telephone calls.
- As a consequence of The Co-op's poor service, her business' reputation became damaged.
- The business also suffered financial loss arising from the unclear nature of the bank's on-line statements for the Account. More particularly, the statements differed from those of other banks in the sense that they omitted to include addresses and IBAN numbers. That meant she was unable to claim certain grants from local authorities because they didn't think the statements were genuine.

In March and September 2021, Mrs P complained to The Co-op about these matters, including that they hadn't been providing her with clear and informative statements in relation to the Account. She also told the bank it had omitted to provide any statements at all for the Bounce Back Loan she'd completed a year earlier.

In their final response to the complaint, The Co-op said – in summary:

- There were issues with their on-line banking service which impacted Mrs P. But they said that an updated version of their system was introduced to iron out those issues.

And furthermore, they were working on new versions which in due course will be released in order to improve things still further.

- Call wait times have been unreasonably lengthy. But the bank has been recruiting more staff to address this issue, although the process takes time, not least given the bank's desire to ensure it recruits the right people and provide appropriate training.
- They made no changes to the name on the Account. If Mrs P's clients have been using the correct name and sort code when making payments and yet were experiencing issues when doing so, then that might be because of the introduction by the bank of the Confirmation of Payee system (CoP) which was aimed at ensuring better account security for customers.
- That being said, in connection with two aspects of Mrs P's complaint, however: (a) failing to send her copies of the Bounce Back Loan statements and (b) experiencing longer call wait times, The Co-op acknowledged providing poor service to Mrs P and that this caused her inconvenience. So, the bank paid Mrs P £40 in compensation. Beyond that, it didn't think it had done anything wrong.

But Mrs P didn't believe the bank had done enough to ensure the problems she'd been experiencing were brought finally to an end. And she felt she was entitled to more compensation especially, to take account of the financial loss she said her business suffered as a result of The Co-op's failings. And so, since her complaint could not be resolved, Mrs P referred it to this service.

Our investigator didn't think the bank was at fault in connection with certain aspects of Mrs P's complaint. In relation to those matters, he concluded the following:

On-line banking

- He appreciated Mrs P would have liked the on-line banking service to run perfectly at all times and she did experience problems when trying to access it. Nonetheless, he noted the bank had taken steps to improve things. In particular by the introduction of various systems upgrades.
- He recognised that this was still a work in progress. But he said we're not the regulator and our role is not to punish financial businesses. Rather, it is to determine whether a financial business has been fair and reasonable in the way it has acted towards the complainant. With that in mind and having regard to the steps the bank had taken to remedy the on-line problems and to explain to Mrs P the steps it proposed taking further still, he was satisfied The Co-op acted fairly and reasonably in the circumstances of this case.

altering the name on the Account

- The name on the Account hadn't been amended on the bank's system. And in so far as Mrs P's customers had difficulties making payments into it, it seemed likely that was due to the introduction of CoP as the bank suggested. And whilst The Co-op did explain CoP to Mrs P, including its functionality, they could have done more in that regard.

Nonetheless, the investigator did uphold Mrs P's complaint in part. He was satisfied that the bank had failed to send BBL statements to Mrs P, and that she did experience longer wait times when she phoned the bank.

He was also satisfied that Mrs P's customers experienced difficulties making payments to the Account. However, contrary to what Mrs P believed, he wasn't persuaded those difficulties came from changes to the name on the Account. Rather, he concluded that those difficulties arose from The Co-op's introduction of CoP. Furthermore, in this connection, the investigator felt The Co-op provided poor service to Mrs P. He concluded that the bank failed to explain clearly to Mrs P how the CoP system worked so that she could ensure her customers were able to successfully make payments into the Account.

In addition, therefore, to the £40 the bank already paid to Mrs P, the investigator recommended it should pay a further £250 in order properly to compensate Mrs P for the impact of its poor service.

The Co-op agreed with the investigator's conclusions. But Mrs P didn't. She believed her business has incurred losses beyond the amount the investigator recommended and so she asked for an ombudsman to review her case.

In doing so, Mrs P provided further detailed submissions. But I've noted that the submissions largely expanded on the arguments she's made all along regarding the bank's poor service and how her business has been impacted both financially and reputationally as a result.

I summarise what I regard as the key points:

- The online banking down time was excessive. For example, in one instance there was no service from Saturday 18 and Sunday 19 March 2022 through to 4pm on Monday 20 March 2022. She regards as inadequate a response along the lines that the on-line banking is a work in progress. Whilst she appreciates it's not the role of our service to punish the bank, she believes it is at least part of our role to put right the bank's errors and ensure the problems she's been experiencing are resolved.
- The Co-op changed the name of the Account without telling her. This affected new customers, particularly when they tried to make payments to the business. For example, when making a payment on-line, entering the 'trading as' name of the business would generally work. But because The Co-op changed the Account's name, it no longer did for new customers, albeit, customers who'd paid into the Account before 2020 were unaffected.
- The Co-op caused the business to suffer financial loss, including a local authority grant. In this regard, the local authority viewed with suspicion the online statements that she'd submitted in connection with her funding application.

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.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

Having reviewed Mrs P's case in detail, I agree with the investigator's conclusions and for broadly the same reasons. I'll explain why.

Bounce back loan statements and call wait times.

The Co-op have acknowledged providing poor service to Mrs P in both these areas. And furthermore, they accepted the investigator's recommended £250 compensation, on top of the £40 they had already paid, to better reflect the inconvenience caused by their poor service. In light of this, and noting Mrs P's unhappiness with that amount, what I have to decide is whether, nonetheless the proposed settlement is fair and reasonable in the circumstances of this case.

I'll come to that in a moment. First, I'll address the other aspects of Mrs P's complaint.

Difficulties with on-line banking

I appreciate when Mrs P elected to have the bank's on-line banking service, it was not an unreasonable expectation that The Co-op should take reasonable steps to deliver a reliable service.

Mrs P has told us that from time to time she faced challenges in her attempt to use the on-line service. And I note the particular weekend she's told us she was without any on-line service. The impact of which was keenly felt as she also told us, because normally she does the accountancy work for her business at the weekend and she was unable to do so over that weekend.

I understand therefore, the frustration that would have caused to Mrs P. And more generally the sense of frustration on the other occasions she wasn't able to access the service. Given her account that the on-line service is still not without its problems, it is also understandable, as she also explained, her decision to refer her complaint to this service, was in hope we could direct The Co-op to resolve those problems finally.

The bank does not deny there have been problems with this service which have impacted negatively the overall customer experience. But as I would reasonably have expected, I note from the bank's evidence, including the information it shared with Mrs P and other customers, that it has attempted to resolve these issues. More particularly, the introduction in March 2022 of an updated version of its system which was aimed at improving customers' online banking experience.

I don't doubt Mrs P's testimony that the service is still not without its problems. It's perhaps doubtful nonetheless that any such system, given the IT component, will ever operate error free. That being said, I'm satisfied overall that the bank has taken reasonable steps to address the online problems Mrs P has experienced and against that background I do not find it has treated her unfairly.

Alleged changes to the name on the Account.

Mrs P said The Co-op changed the name on the Account sometime after it was open; including omitting to include the second initial of her name in the title. But the bank has shared its internal records demonstrating how the Account is recorded on its systems. I have no reason to doubt the accuracy of those records and I'm satisfied they do not show The Co-op has changed the name of the Account. The records show the Account is recorded with Mrs P's two initials followed by the 'trading as' name of her business, whereas for

correspondence purposes, her initials are recorded followed by her surname as I would expect. There is no evidence Mrs P's names being mis-spelt in those records.

did Mrs P's customers experience problems paying into the Account?.

I don't doubt some of Mrs P's customers did encounter problems. And I thank Mrs P for sharing an exchange of correspondence from a customer to that effect.

However, I've seen no evidence to support the conclusion that this resulted from something The Co-op did wrong. In particular, having noted Mrs P's belief - which is not supported by my finding - that the problems arose because without permission the bank changed the name on the Account.

I note Mrs P's testimony seems to point to the payment problems affecting her newer customers. This would seem to support the bank's argument that this stems from the introduction of CoP and insufficient understanding of how it operated.

Here I agree with the investigator that for the benefit of Mrs P's customers, The Co-op could have done more to explain CoP's operation and, furthermore, that their failure to do so caused Mrs P some inconvenience.

financial loss to Mrs P's business

As noted above, Mrs P has told us she was unable to take advantage of a local authority grant because of scepticism regarding the authenticity of The Co-op on-line statements. Here also, I thank Mrs P for sharing a copy of an email she received from a local authority following her application for funding. It mentioned that the bank statements she'd provided didn't meet the standards the local authority required. I note further that the local authority in question stated in fairly precise terms what Mrs P needed to provide by way of such statements.

In light of the concerns expressed by the local authority, it isn't clear whether Mrs P approached the bank to see if it was able to provide statements in a form that the local authority would find satisfactory. That being said, there's no clear evidence Mrs P was not granted funding from that particular local authority solely because statements she presented in respect of the Account did not meet their requirements.

But more to the point we're not a regulator. So, it's not for me as ombudsman to tell The Co-op how to structure their on-line statements. That includes information that they ought to include in such statements so that they mirror those provided in similar statements from other banks.

Compensation

Finally, having as noted above, the bank's acknowledgement of poor service and its willingness to pay the additional £250 compensation to Mrs P on top of the £40 already paid, I now return to the question of whether that represents fair and reasonable compensation for the inconvenience caused to Mrs P.

Regarding the BBL statements, I'm pleased to see that The Co-op cooperated with the investigator to generate duplicate statements which have now been sent to Mrs P. But I find despite the fact that Mrs P made the bank aware she hadn't received such statements, this was only put right after the matter was referred to our service to investigate.

I also note from Mrs P's testimony that on occasions when phoning the bank, she encountered call wait times of up to one and half hours.

Both are examples of poor service by the bank which has been acknowledged and I am satisfied Mrs P was inconvenienced as a result. I agree with the investigator also that the bank could have done more to better explain how its CoP worked. This in my opinion further added to the inconvenienced Mrs P experienced

Putting things right

Although I've not been persuaded Mrs P suffered any financial loss arising from these events, looking at these matters overall and for the reasons explained by the investigator, I'm satisfied that £250, which is in addition to the £40 the bank has already paid Mrs P is fair and reasonable in the circumstances of this case.

My final decision

For the reasons explained above I uphold this complaint. In full and final settlement, I recommend that The Co-operative Bank Plc, pays Mrs P £250 in full and final settlement of this complaint

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 20 October 2023.

Asher Gordon
Ombudsman