

The complaint

Mr S complains that The Co-operative Bank Plc (Co-op) made an error in the setting up of a standing order and delayed in correcting the error and getting the incorrect payments refunded.

What happened

In 2021 Mr S contacted Co-op to set up a standing order to pay his council tax. Unfortunately it was set up to pay the wrong payee (another public body). Mr S didn't realise this had happened until he received default notices and a bailiff notice. Co-op put right the errors and reclaimed the incorrect payments. It also paid the charges Mr S had incurred and paid him compensation.

In April 2022 Mr S contacted Co-op to set up a standing order for his council tax for the new tax year. As he was driving he couldn't provide the sort code/account number but explained what had happened the previous year and suggested that Co-op use the details from 2020. The standing order was set up, though using the 2021 details. So the payments went to the wrong payee. This time Mr S checked at the end of April about the April payment (which was a one-off payment before the standing order started) and Co-op managed to recall that payment but the incorrect payments continued to go out up to and including the June payment.

Mr S spent a long time on the phone over a number of calls trying to resolve the matter. In September 2022 he was told in a letter by Co-op that he had made an incorrect payment but that it had managed to recall the two remaining incorrect payments..

Co-op agreed to pay a total of £175 compensation, £25 after the initial call in late April, a further £50 in May 2022, then following its final response letter of 16 September 2022, a further £100. It agreed that it had made errors and further said that Mr S had been promised call backs which didn't happen. But it said that the original adviser was not at fault as Mr S should have provided the full account number and sort code.

Subsequently Mr S accepted the offer of £100, but is still unhappy about the matter. He received the £25 but didn't receive the £50 offered until May 2023.

After referral to the Financial Ombudsman Service Co-op reviewed the matter and said that its adviser in the first phone call had been at fault in not checking the details with Mr S before setting up the payments. It proposed increasing the compensation offered by a further £100.

Our Adjudicator thought that the total compensation paid and offered, amounting to £275 was fair in respect of the initial error and the poor service Mr S had received.

The matter has been passed to me for further consideration.

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.

When Mr S telephoned Co-op in April 2022 he didn't have the necessary account details with him. Nevertheless he explained to the adviser what had happened in the previous year and suggested that they use the 2020 details. The adviser used the (wrong) 2021 details to set up the standing order.

Co-op has explained that the 2020 details weren't on the live system, but the adviser didn't explain that to Mr S. Also most banks (including Co-op) use "Confirmation of Payee" whereby if the account number and name of payee can't be matched the payment won't go through. However as this wasn't a new standing order it appears that the details were simply copied through from the year before.

I think Co-op was at fault here given that Mr S explained the situation to the adviser. If he was unable to give the correct sort code and account number Co-op should have arranged a time to call him back to do so

The rest of Mr S's complaint concerns how Co-op went about resolving the matter. There was a phone call on 28 April 2022 when Mr S first raised the issue. Unfortunately that call recording is not available though I think it was quite crucial as to how Co-op took the matter forward. Mr S spoke to advisers at Co-op twice on 15 May 2022 but the wrong payment still went out in June. Whether or not he formally said at that stage that he wished to raise a complaint about it Co-op should have asked if Mr S wanted to amend the standing order.

Two incorrect payments (the May and June payments) were not paid back to Mr S until early October after they were recovered from the payee. Co-op has said to us that those payments should have been refunded immediately then it could have gone about retrieving the money. And when Mr S was advised about the payment being credited back to his account he was told that it was because *he* had made an incorrect payment. I can understand his frustration at receiving such a letter.

It does appear that Mr S had to call Co-op several times and spent a long time both waiting and in calls to try to resolve the issues. On several occasions he was promised call backs which didn't happen. And when a £50 payment was agreed that wasn't credited to his account until a year later.

All of this combined, I would think, to make the error and trying to resolve it a frustrating and upsetting experience for Mr S.

I do note that Co-op has made an offer to pay £200 (I'm not clear whether it has in fact made that payment). This makes a total of £275 compensation. Having taken into account the issues involved, the fact that Co-op had repeated a mistake from the previous year and the distress and inconvenience in getting the matter sorted out, I nevertheless do think that the total compensation, offered and paid, is fair and reasonable. I have taken into account awards of compensation in similar cases.

Putting things right

Co-op has offered and/or paid a total of £275 compensation . I think that's fair overall and Co-op should now pay any balance due.

My final decision

I uphold the complaint and require The Co-operative Bank Plc to provide the remedy set out under "Putting things right" above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 24 August 2023.

Ray Lawley
Ombudsman