

The complaint

A company, which I'll refer to as "U", complains that The Co-operative Bank Plc ("the Co-op") made payments to one of U's previous employees despite U cancelling the standing orders to that person.

U's director, Mr P, brings the complaint on the company's behalf.

What happened

In July 2021, U cancelled a standing order to one of its former employees. U set up a new, one off payment, to be paid to the same person on 31 August 2021.

In November 2021, Mr P complained to the Co-op as he had noticed that both standing orders had debited U's account in August and again on 30 September. Although Mr P received an acknowledgment of the complaint from the Co-op, a final response on the matter was never issued by them. So, Mr P brought U's complaint to our service.

The Co-op agreed we could look into the complaint and asked us to offer £75 to U in recognition of the poor service it received from them in relation to the handling of the complaint. However, the Co-op said they were not responsible for the payments being made or the cancellation of the payments. The Co-op offered a further £100 for the delays in a payment recall request being initiated for the August and September payments.

One of our investigators looked into the issues raised by U. He upheld the complaint in part, as although he hadn't found that the Co-op were responsible for the payments being made to U's former employee, he did agree that there had been a delay in the payment recall request being initiated. He said that the Co-op's offer of £100 as an apology for this delay was fair, in addition to the £75 they had offered to U for the poor service in relation to the handling of U's complaint.

Mr P was unhappy with this outcome. He said he had evidence that the standing order payments had been cancelled and that this was not done by U.

He also said there was evidence the Co-op suffered significant system errors whereby they re-started other customers' standing orders that had been previously cancelled and he said the Co-op had set up a team to deal with these issues.

Mr P explained that in mid-2022 the Co-op had restarted five of U's monthly standing orders which had all been cancelled several months earlier. In addition, another payment had been made to the former employee in error. Mr P asked our investigator to listen to a call that took place with the Co-op in May 2022 and ask the Co-op about the most recent payment.

Our investigator went back to the Co-op and asked for additional information about the other standing orders that has been restarted and queried the latest payment that had been made to the former employee.

The Co-op supplied the additional information requested and our investigator listened to the call and asked the Co-op some further questions. The Co-op agreed that they had had some issues with standing orders, but this was a separate technical issue and this error was not linked to U's original complaint.

The Co-op accepted that the most recent payment was the result of a bank error and arranged for this to be refunded. However, they provided screenshots to show the latest issue was not linked to the original payments that were made.

Our investigator provided Mr P with the evidence from the Co-op to show the payments to U's former employee had been cancelled. He said that he could see why Mr P might think the two issues were connected but that the Co-op had provided evidence to show they weren't.

Mr P remained unhappy with the outcome and asked for U's complaint to be looked at by an ombudsman, so it was passed to me to decide.

I contacted the Co-op for further information as the screenshots provided by Mr P from U's online banking appeared to show that the payments had been cancelled while the information provided by the Co-op contradicted this.

The Co-op responded explaining what each column on the screenshot provided by Mr P represented and where they thought the confusion in interpreting this information had arisen for U.

This information was provided to Mr P to comment on but no response was received.

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 reviewed the evidence provided by both parties I've found that the payments made to U's former employee were cancelled too late and the payment of them was not caused by an error made by the Co-op.

I say this because the information provided by the Co-op shows that U initiated a recurring payment to its former employee in July 2021. I think it is likely that U intended this to be a one-off payment and on realising that it was recurring, cancelled it on 30 September 2021. However, as it was cancelled after the cut off time, the payment went ahead.

A second recurring payment to the same former employee was initiated by U and this payment was also cancelled on 30 September. Again, as this was cancelled after the cut off time, this payment also went ahead.

As our investigator explained, the payments are generally processed in the morning so it's highly likely both payments would've debited U's account prior to their cancellation.

Mr P said that U didn't cancel the standing orders and that this must've been done by someone in the bank. However, the Co-op have explained to us that if an account holder sets up a standing order via online banking, the payment details are recorded on their online facility and not the bank's central systems. Therefore, the bank couldn't cancel the standing order as they don't hold it on their systems.

Mr P also said that although the dates are the same, the cancelled/initiated actions were the exact opposite on his screenshots, and this was one of the reasons he didn't agree with our investigator's view of the matter. So, I asked the Co-op to provide further detail about the payments.

The Co-op responded explaining what each column of the online banking screenshot Mr P provided relates to. This information confirms the date the payments were initiated, and this matches the information I have detailed above. This screenshot also shows that they were set up as recurring payments.

I asked our investigator to send this information to Mr P for him to provide any further comments, but we didn't hear back from him.

The information provided by the Co-op further supports their earlier evidence which showed the time and date the payments were set up and cancelled - and that these were recurring payments. So, I can't say that these payments were made as a result of an error by the Co-op as from what I've seen the Co-op were acting on the instruction set up and provided by U.

Additionally, as only someone with access to U's online banking could've cancelled the standing order, I'm satisfied that these standing orders were cancelled by U in September 2021 and that the Co-op were not responsible for these payments being made or cancelled.

Issues arising in 2022

The Co-op have confirmed that there were issues in mid-2022 with some standing orders and the same former employee had a further payment credited to them in error. Although I can understand why Mr P might think these issues were related, from the information provided to me, I'm satisfied that these incidents are not linked.

This payment was sent at a time when the Co-op had a system issue which affected a number of customers and not just U. In addition it was a significant number of months after the initial issue and I'm satisfied that if it had been linked to the original matter then payments would've left U's account on a monthly basis in line with the standing order instruction that it had set up.

Our investigator spoke to the Co-op about this payment and it was refunded immediately. I'm therefore satisfied that this aspect of the complaint was resolved, and the original payments are not linked to this incident.

Customer Service

Although I don't think the Co-op were responsible for the earlier payments being made to U's former employee, I can see that there have been customer service issues along the way. The Co-op didn't initially investigate U's concerns or log its complaint and there were delays in them contacting the receiving bank to try and recall the payments.

There is never a guarantee that a payment will be recalled or that the receiving bank will even reply to the request, but I do think the Co-op should've started this process sooner.

The Co-op have offered to pay £100 to U to reflect this delay and a further £75 in recognition of their poor customer service in relation to logging and investigating U's complaint. I think this is a fair and reasonable offer in the circumstances of this complaint.

My final decision

I uphold this complaint in part and direct The Co-operative Bank Plc to pay £175 to U.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr P, on behalf of U, to accept or reject my decision before 25 August 2023.

Tara Richardson

Ombudsman