

The complaint

Ms P has complained that The Co-operative Bank Plc (“Co-op Bank”) closed a dormant account shortly after she transferred funds into it.

What happened

On 6 April 2023, Ms P made two payments into a dormant account held with Co-op Bank.

As the account the money was paid into was dormant, Co-op Bank attempted to contact Ms P by phone and email to discuss the incoming payments. However, as Co-op Bank didn't hear back from Ms P by 26 April 2023, Co-op Bank wrote to Ms P and explained it would be closing the account in 60 days' time.

Unhappy with this Ms P raised a complaint.

Co-op Bank responded on 4 May 2023, explaining that it didn't think it'd done anything wrong in closing the account as they'd followed its terms and conditions.

After Ms P referred her complaint to this service, one of our investigators assessed the complaint. The investigator concluded that it was reasonable for Co-op Bank to close the account. However, it was noted that Co-op Bank took too long to deal with matters and says that Ms P should've been able to access her funds sooner. As such, Co-op Bank agreed to pay Ms P £200 to apologise for the delay. The investigator also explained that Ms P could access her funds and explained how she could do that.

Ms P did not accept the investigator's findings. She said that her funds were taken from her account without explanation and that not having access to the funds has caused her a great deal of stress. Because of this, the complaint was referred for an ombudsman's decision.

Whilst the complaint was waiting for an ombudsman's decision, the investigator reviewed the case and although they thought the £200 compensation was reasonable, they thought that Co-op Bank should also pay 8% simple interest, less tax, on Ms P's money, from when Co-op Bank had enough information to release the funds. Co-op Bank agreed with this, but Ms P didn't.

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 everything, I think what Co-op Bank has offered to do to put matters right is fair and reasonable. I will explain why.

Closing the account

Co-op Bank has important legal and regulatory obligations it must meet when providing accounts to customers. They can broadly be summarised as a responsibility to protect

persons from financial harm; to ensure it has up to date information about its customers; and to prevent and detect financial crime. It's common industry practice for firms to restrict access to an account to conduct a review on a customer and/or the activity on an account. The terms of the account also permit Co-op Bank to block an account. This means Co-op Bank is entitled to block and review an account at any time.

Banks are also entitled to end their business relationship with a customer, as long as this is done fairly, doesn't breach law or regulations and is in keeping with the terms and conditions. In this instance the terms of Ms P's accounts say that in certain instances Co-op Bank can close the accounts with immediate notice or by providing 60 days' notice to a customer. And it doesn't have to provide a reason for doing so.

In this case, I can see that Ms P paid a small amount of money followed by a larger amount of money into an account that was dormant. Co-op Bank has explained that its fraud detection system flagged the payment as suspicious, which resulted in a block being placed on the account, pending further information. It seems that the fact that the account in question was dormant and also because the account was in Ms P's maiden name, meant that matters were not as straightforward as they otherwise might've been.

Because of this, Co-op Bank tried to call Ms P on 6 April 2023 so that it could ask further questions about the payment. Unfortunately, it seems that Co-op Bank was unable to reach Ms P. This resulted in Co-op Bank moving the money into a holding account. And as it had still not received the information it needed to release the funds, it then issued a letter on 26 April 2023 explaining that it would be closing Ms P's account on 26 June 2023.

I have considered the actions that Co-op Bank took. But overall, I can't say that it did anything wrong in wanting to obtain further information before releasing the funds to Ms P. I also can't say it did anything wrong by closing the account, because it didn't have the necessary information in which to release the money.

Releasing the funds to Ms P

Following the letter that explained that the account would be closed, I understand that Ms P contacted Co-op Bank - quite understandably - to find out why the account was being closed and more importantly, to find out where the money she had paid into the account had gone. I understand Co-op Bank instructed Ms P to attend a Co-op Bank branch.

Ms P attended a Co-op Bank branch on 9 May 2023 and provided the information that Co-op Bank had requested. However, despite this, the funds were still not made available to Ms P.

After Ms P referred her complaint to this service, Co-op Bank has explained that it had in fact obtained all the information it needed to release the funds, following Ms P's branch visit in May 2023. But despite this, I can't see that Co-op Bank actually told Ms P this. Indeed, I have listened to a call Ms P had with Co-op Bank on 16 May 2023 and Ms P was assured that the fraud department would call her. But I can't see that it ever did.

Co-op Bank's failure to reach out to Ms P is clearly unreasonable and it has led to Ms P unnecessarily experiencing distress and inconvenience - by not having access to the funds that Co-op Bank had retained. For example, Ms P has said that she has had Direct Debits cancelled as a result of not having access to the money that she'd deposited with Co-op Bank.

In light of Co-op Bank's failure to inform Ms P that the money was accessible, Co-op Bank has agreed to pay Ms P £200 compensation for the distress and inconvenience caused. It

has also agreed to pay Ms P 8% simple interest, less tax, on Ms P's funds – to reflect the fact that Ms P has not had the benefit of the money in that time.

Overall, I think this is fair in the circumstances. I say this particularly as the money was actually available for Ms P to collect from around the middle of May 2023. And even though Ms P spoke to Co-op Bank on 16 May 2023, Co-op Bank failed to explain that her money was available to collect. From what I have seen, Ms P was only made aware that the money was in fact available to collect, when the investigator explained this in her assessment - which was sent on 19 July 2023.

In Ms P's responses to the investigator's assessment, I can see that she feels that the £200 offered by Co-op Bank does not go far enough. In an email dated 9 January 2024, she also says that she still does not have the money from Co-op Bank.

I have considered Ms P's comments, but I do think the £200 award is fair in the circumstances. However, I was surprised to see that Ms P said she still did not have the money from Co-op Bank – even though the investigator explained in her assessment, sent in July 2023, what exactly Ms P needs to do to access the money that Co-op Bank had retained. As such, I don't think it would be appropriate to hold Co-op Bank responsible for any ongoing hardship that Ms P has incurred if she has still not done that.

Putting things right

So in summary, I don't think that Co-op Bank did anything wrong by wanting to obtain further information from Ms P, before allowing Ms P to access the funds that she'd deposited into her dormant account. I also don't think it was being unreasonable when it decided to close the account. But I do think that Co-op Bank got things wrong when its fraud department failed to inform Ms P that its checks were complete and that she could access the money she'd deposited into her account.

As such, to put matters right, I require Co-op Bank to pay Ms P £200 compensation for the distress and inconvenience caused by this matter. And, as Ms P was clearly impacted by not having the benefit of the money that she'd deposited into the dormant account, I also require Co-op Bank to pay Ms P 8% simple annual interest, less any deductible tax, on the retained funds. This should be calculated from 16 May 2023 – with this being the point that Co-op Bank should reasonably have informed Ms P that she could access her money.

I would also like to remind Ms P - as was explained in the investigator's assessment - that if she still has not received the money back that she deposited with Co-op Bank, she will need to do one of the following to access it:

- Go to a Co-op Bank branch with photo ID and withdraw the cash; or
- Contact Co-op Bank's Customer Services, and once Ms P is fully authenticated, she can arrange for the money to be transferred to an account of her choice. Co-op Bank says that this will take 3 working days to credit.

My final decision

Because of the reasons given above, I uphold this complaint and require The Co-operative Bank Plc to do what I have outlined above, to put matters right, in full and final settlement of this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 28 February 2024.

Thomas White
Ombudsman