

The complaint

Mr S complains about a delayed payment he tried to make from his bank account with The Co-operative Bank Plc.

What happened

The background to this complaint and my initial conclusions were set out in my provisional decision. I said:

Mr S opened an account with Co-op on 31 August 2022 and added his phone number on 1 September 2022. Mr S went on to transfer in funds from an account he holds with another bank (B). On 6 September 2022 Mr S arranged a transfer of £6,000 from his Co-op account to his account with B. But the transfer was picked up by Co-op's fraud prevention systems for further checks.

Co-op has explained it would normally contact customers using their recorded phone numbers. But because Mr S' account was so new and his phone number had only been recorded for less than a week, Co-op said its security procedures mean it didn't attempt a call. Co-op has explained it has this process to protect customers from fraud.

Mr S called Co-op on 6 September 2022 but had to wait a long time to speak with a member of staff. Mr S says he was promised a call back on 7 September 2022 but no call was received. So, on 8 September 2022 Mr S called Co-op and his payment was released.

Mr S has explained that he intended to use the funds to invest in precious metals online. As a result of the delay in receiving his funds from Co-op Mr S says he delayed his investment. Mr S complained to Co-op and it issued a final response on 21 January 2023. Co-op accepted that Mr S experienced long call wait times when he phoned on 6 and 8 September 2022 and apologised. Co-op also said the agent Mr S spoke with on 6 September 2022 should have advised him to speak with the fraud team. Co-op also accepted it had delayed Mr S' investment. Whilst Co-op agreed there were some issues with Mr S' transfer, it said the payment had been correctly held for further checks. Co-op added that Mr S' phone number had only been registered for less than a week which meant it couldn't be used to complete outbound fraud checks. Co-op paid Mr S £150 in recognition of his losses and the distress and inconvenience caused. Co-op went on pay Mr S a further £100 in compensation.

Mr S referred the complaint to this service and it was passed to an investigator. They thought Co-op had agreed a fair settlement to resolve Mr S' complaint and didn't ask it to do anything else. Mr S asked to appeal and said the settlement didn't reflect his losses and the distress and inconvenience caused. As Mr S asked to appeal, his complaint has been passed to me to make a decision.

What I've provisionally 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.

I'm aware I've summarised the events surrounding this complaint in less detail than the parties involved. No discourtesy is intended by my approach which reflects the informal nature of this service. I want to assure all parties I've read and considered everything on file. I'm satisfied I don't need to comment on every point raised to fairly reach my decision. And if I don't comment on something, it's not because I haven't considered it. It's because I've focused on what I think are the key issues. My approach is in line with the rules we operate under.

I understand the funds Mr S wanted to transfer to B originally came from that account. And I understand the account with B also belonged to Mr S. But businesses are obliged to have fraud prevention systems in place. And the account terms and conditions say Co-op can hold a payment for further checks where there are concerns about fraud. I also have to factor in that Mr S account had only been open for around a week so there was little history for Co-op to review and that the sums involved in the transfers were large. I'm satisfied Co-op reasonably held Mr S' payment on 6 September 2022 for further checks.

With that being said, it should have been possible for Mr S to resolve the payment issues on 6 September 2022 when he called. The issue was compounded due to how recently Co-op had recorded Mr S' phone number. Because it was so new to Co-op's systems, there was a security process in place that meant it couldn't complete the outbound fraud verification call or text that would normally have been undertaken. So, whilst I appreciate the normal process would be for Co-op to contact Mr S directly to carry out some fraud checks, that didn't happen here. But Mr S took quick action when the payment wasn't received and contact Co-op instead.

Co-op's final response accepts that Mr S should've been told to speak with its fraud department on 6 September 2022 but wasn't. I'm satisfied that if the agent Mr S spoke with had given him instructions on how to contact the fraud department at that time, or transferred him, he would've completed the checks on 6 September 2022 and the payment would've been released either that day, or on 7 September 2022. So, I'm satisfied the way Mr S' call was handled did cause a delay.

The funds were ultimately released when Mr S called back on 8 September 2022 after the promised call back wasn't received from Co-op. I've looked at Mr S' emails with Co-op following his complaint. I can see that Co-op agreed to pay him the difference between what he would've got if he'd invested on 7 September 2022 and what he would've received on 8 September 2022, when the payment was released. Looking at Co-op's calculations, I'm satisfied £186.31 fairly reflects that loss.

Mr S has told us the delay caused him to reconsider his options and missed the price point he was looking to invest at. But once the payment was released, it was then up to Mr S to decide how to proceed. My view is that the agreement to cover losses totalling £186.31 is fair.

Co-op paid Mr S a total of £250 in recognition of his losses and the distress and inconvenience caused. But I'm not persuaded the remaining sum of £64 fairly recognises Mr S' experiences of the inconvenience caused. As Co-op has said, Mr S experienced lengthy call wait times both on 6 September 2022 and 8 September 2022 which was inconvenient for him.

In addition, the agent Mr S spoke with on 6 September 2022 failed to take appropriate steps to resolve the payment issue and advised him to wait for call which couldn't be made. It was only after Mr S took proactive steps to contact Co-op again that his payment problem was resolved. In my view, a total payment of £200, in addition to the £186.31 loss, is a fairer way

to resolve Mr S' complaint and more reasonably recognises the distress and inconvenience caused. So, unless I see new information that changes my mind, I intend to uphold Mr S' complaint on that basis.

I invited both parties to respond with any additional comments or information they wanted me to consider before I made my final decision. Both parties confirmed they were willing to proceed in line with the settlement I gave in the provisional 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.

As no new information has been provided and both Mr S and Co-op have confirmed they're willing to accept I see no reason to change the conclusions I reached in my provisional decision. I still think Mr S' complaint should be upheld, for the same reasons.

My final decision

My decision is that I uphold Mr S' complaint and direct The Co-operative Bank Plc to settle by paying Mr S £186.31 plus £200 for the distress and inconvenience caused (less any compensation already paid).

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 11 December 2023.

Marco Manente
Ombudsman