

## The complaint

Mr C complains that The Co-operative Bank Plc unfairly closed his account. Mr C says this caused him financial problems, upset, and impacted his mental well-being.

### What happened

The detailed background of this complaint is well known to both parties. So, I'll only provide a brief overview of some of the key events here.

Mr C had a basic bank account with Co-op that he opened in 2021. Mr C says he opened the account after several other bank accounts that he had were closed. He has explained that he used the account to receive payments and pay for everyday living expenses such as buying groceries and paying all his bills.

In August 2022, Co-op reviewed Mr C's account. Following this Co-op decided to close Mr C's account immediately and wrote to Mr C to tell him that he'd need to make alternative banking arrangements. The bank told Mr C that it had closed Mr C's account as it was outside the bank's risk appetite to continue to provide him with banking facilities. Mr C's account was closed on 12 September 2022.

On 22 September 2022, Co-op issued a cheque to Mr C for the closing balance, which at the time was just under £50,000. However, Mr C wasn't able to deposit the cheque as he had no other bank account, which meant Mr C was left without access to his funds for several months.

Mr C complained to Co-op about the closure of his account. He pointed out that his account was a basic bank account and subject to the Payment Account Regulations 2015 (PAR 2015), so he didn't think Co-op were entitled to close the account. He said he hadn't done anything wrong and had used the account properly. And after looking at the PAR's 2015 he couldn't find any reason that would have allowed Co-op to close his account. Mr C suspects that Co-op closed his account because of his political and philosophical beliefs. So, he says Co-op has treated him unfairly and discriminated against him when it closed his account.

Mr C said as a result of Co-op closing his account, he has been left without a bank account, as he has struggled to open any other account. Mr C says that as a result he has not been able to access the money he had in the account to pay for basic items such as food. He's also had numerous direct debits fail, nowhere to receive money and been charged for missing payments. Mr C has also said he had money paid into his Co-op account after it was closed, and it has gone missing. So, he wants the bank to return this money to him.

Mr C has also said that at the time his account was closed his mum was seriously ill and because he couldn't access the money that had been in his account, he was unable to cover the costs of travelling to visit her, which was extremely upsetting. Overall, he said the closure of his bank account has caused him a great deal of stress and anxiety. And his mental well-being has been impacted.

Mr C asked Co-op to reopen his account as he was having a lot of problems opening another bank account. He also said that because he didn't have any other bank account, he couldn't deposit any of the cheques that Co-op had issued for his closing balance. So, he said that Co-op should have offered him other options to get his money back sooner.

In response, Co-op said it hadn't done anything wrong when it had closed his account and it wasn't willing to reopen Mr C's account. Co-op said that it had closed the account in line with the terms, conditions, and relevant regulations. The bank also said Mr C hadn't made it clear to them at the time that he'd have trouble cashing a cheque for his final balance. So, it couldn't be held responsible for the trouble Mr C was having trying to cash the cheques it had issued. Co-op also said that it had issued a cheque for Mr C's closing balance in line with its processes. So, it hadn't done anything wrong.

The bank also looked for the payment Mr C said had been made to his account after it had closed. It confirmed that the payment had never credited the account. And that Mr C needed to speak to the sender of the payment to try and locate it.

Unhappy with this response Mr C brought his complaint to our service where one of our investigators looked into what had happened. As part of their investigation the investigator asked Mr C for more information about how he used his account and if he had managed to open another bank account. Mr C explained that he had tried to open other bank accounts, but he had either been refused at the application stage or had the accounts closed soon after they were opened. Mr C provided the investigator with letters from several different banks which confirmed what he'd said. He also told the investigator that the only other account he had was a mortgage account.

Mr C said he hasn't given Co-op any reason to close his account and that he needs an account to be able live a normal life. He's said that he had used his account properly. He believes Co-op discriminated against him when it closed his account because of his beliefs. So, he thinks Co-op closed his account unfairly and should reopen his account. He also said that Co-op took too long to give him back his closing balance and told him it could only issue him with a cheque, which made it difficult for him to access his money. And forced him to rely on the charity of others to pay for essentials.

The investigator looked at all the information and circumstances of Mr C's complaint. They didn't think Co-op had treated Mr C unfairly when it had closed his account. And had done so in line with its legal and regulatory obligations. The investigator also said that the missing payment Mr C was trying to trace had never credited his account.

However, the investigator said that Co-op could have provided better service in returning Mr C's balance to him. And they asked Mr C if he was happy for the bank to pay the money into a third party account or his mortgage account. Mr C agreed to have the money paid into his mortgage account. So, the investigator arranged for this to be done. Co-op did this in October 2023. The investigator thought the bank could have done more to get Mr C's money back to him sooner. So, they said the bank should pay Mr C £300 compensation for the trouble and upset he was caused as a result of not having access to his funds.

Co-op agreed with the investigator's view. Mr C didn't. He said Co-op closed his account unfairly and haven't acted in line with the PAR's 2015. He has said that he hasn't broken any laws and wants to know the reasons behind the bank's decision to close his account. As no agreement could be reached the matter has come to me to decide.

## **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.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from financial businesses as confidential for a number of reasons – for example, if it contains information about other customers, security information or commercially sensitive information. It's then for me to decide whether it's fair to rely on evidence that only one party has seen. It's not a one-sided rule; either party to a complaint can submit evidence in confidence if they wish to, and we'll then decide if it's fair to rely on it. Here, the information is sensitive and on balance I don't believe it should be disclosed. But it's also clearly material to the issue of whether Co-op has treated Mr C fairly. So, I'm persuaded I should take it into account when deciding the outcome of the complaint.

Co-op 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, and to prevent and detect financial crime. To comply with its responsibilities Co-op will monitor accounts and carry out specific or occasional checks, which is common industry practice, which is what Co-op did here.

It's the bank's duty to reasonably ensure accounts are being used in the way they should and to protect the money which is held in them. In order to fulfil these obligations, banks sometimes block an account. The account terms and conditions also permit Co-op to block an account. Based on all the evidence I've seen I'm satisfied that Co-op were acting in line with these obligations and the account terms when it blocked Mr C's account in August 2022.

Co-op isn't obliged to reveal the reason(s) for reviewing Mr C's account. But I've considered the basis for the review, which I find was legitimate and in line with its legal and regulatory obligations. So, whilst I appreciate Mr C was caused inconvenience, I can't say Co-op have done anything wrong when it reviewed his account.

I'll next deal with the closure of Mr C's account. Co-op has the commercial discretion to close accounts. It's entitled to close an account just as a customer may close an account with it. But it must do so in line with the terms and conditions of the account. The terms and conditions of Mr C's account, which Co-op and Mr C had to comply with, say that it could close the account by giving him at least two months' notice. In certain circumstances Co-op could also close the account immediately, which is what happened here.

Mr C had a basic bank account with Co-op. These types of current account are intended for people who don't have and don't qualify for standard current accounts. When closing a basic account, along with the terms and conditions of the account, Co-op also had to consider the provisions of the Payment Accounts Regulations 2015 (PAR 2015). Amongst other things they set out when an account provider can close a basic bank account. Closure is only permitted in certain circumstances – one of them involves the conduct of the account and the way it is being run. Another reason is if the consumer has access to another payment account in the United Kingdom which allows the consumer to make use of services offered by a basic bank account and was opened after the payment account with basic features.

Mr C has told us that at the time he didn't have any other bank account as they had been closed. So, Co-op couldn't rely on this as a reason to close Mr C's basic bank account.

But the PARs 2015 form only part of a much broader regulatory landscape which firms like Co-op need to consider when making decisions in relation to accounts, so I have not considered them in isolation. On balance when considering Co-op's wider regulatory responsibilities and all the information available to me, I find Co-op had a legitimate basis for closing Mr C's account immediately and not tell him why. So, I don't find Co-op treated Mr C unfairly when it closed his account.

I've considered carefully what Mr C has said regarding his political and philosophical beliefs - Mr C says that he is a victim of discrimination by Co-op. While I can appreciate this is his perspective, it is not my role to decide whether discrimination has taken place - only the courts have the power to decide this. I have, however, considered the relevant law in relation to what Mr C has said when deciding what I think is the fair and reasonable outcome. Part of this has meant considering the provisions of The Equality Act 2010 (The Act). And after looking at all the evidence, I've not seen anything to suggest that Co-op decided to close the account for an improper reason.

While I appreciate how Co-op closing his account made Mr C feel and his perspective on why Co-op took the actions it has, I have to consider if other customers in similar situations would have been treated the same way. Having looked at all the evidence, I haven't seen anything to show that Co-op would have treated another customer with similar circumstances any differently than Mr C. So, I can't say Co-op treated Mr C unfairly because of his beliefs.

I understand of course why Mr C wants to know the exact reasons behind Co-op's decision, other than what he's been previously been told. And I can see that Mr C has asked Co-op to explain itself on several occasions. But Co-op doesn't disclose to its customers what triggers a review of their accounts. And it's under no obligation to tell Mr C the reasons behind the account review and closure, as much as he'd like to know. So, I can't say it's done anything wrong by not giving Mr C this information. And it wouldn't be appropriate for me to require it to do so.

Mr C has said that he had to wait to get his closing balance and didn't get it back until after he'd brought his complaint to us. And the investigator was able to arrange for the money to be paid into his mortgage account. Mr C says there was no point Co-op issuing him a cheque as he didn't have an account to deposit it into. He doesn't understand why Co-op couldn't simply pay the money into a third party's account. And do what it has now done much sooner.

When Co-op closed Mr C's accounts it sent Mr C a cheque for his closing balance, which was in line with its processes. And it's not for me to decide whether the policy itself was fair or correct or require the bank to change this. However, in this particular case, Mr C was in the unusual situation of not having any other personal account to deposit any cheque that the Co-op issued. From looking at the evidence, I'm satisfied that the bank was reasonably aware shortly after it sent Mr C the cheque that Mr C wasn't able to cash it. But it wasn't until our service became involved and suggested Mr C could receive his funds into his mortgage account as a work around that Mr C got his money back.

I think Co-op could have done more to find out how it could return Mr C's money to him - especially as this wasn't an insignificant sum of money and Mr C explained he couldn't cash the cheque it sent him. This meant Mr C has been without his funds for longer than he should have been. Mr C has said that this meant he had to borrow money to help pay for everyday essentials and his mental health suffered. So, I'm satisfied that Mr C was caused some trouble and upset by Co-op's poor service. And it's only right that Co-op recognises this.

The investigator said that Co-op should pay Mr C £300 compensation. Co-op has accepted it could have done more to help Mr C get his funds sooner than he did. And agreed with the investigator's recommendation. I think the £300 compensation recommended by the investigator is a reasonable way to resolve this aspect of Mr C's complaint and proportionate to the trouble and upset Mr C was caused in the overall circumstances of this complaint. So, I won't be asking Co-op to do anything more.

Finally, Mr C says that Co-op haven't returned a transfer that was made into his account in September 2022. I've looked at the evidence provided by Co-op, and I am satisfied that the payment never credited Mr C's account. So, I can't add much more to what the investigator has already said to Mr C about this, which is that he would be best placed to contact the sender of this payment to locate this payment.

### **My final decision**

For the reasons I've explained, my final decision is that I partly uphold Mr C's complaint. To put things right The Co-operative Bank Plc should:

- Pay Mr C £300 compensation for the trouble and upset caused by the delay in releasing his closing balance.

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

### **Ombudsman**