

The complaint

Mr C complains that The Co-operative Bank Plc (Co-op) hasn't paid him the £125 account opening incentive that it had advertised.

What happened

I set out the background and provisional findings to Mr C's complaint in my provisional decision and here.

'On 15 November 2022 Mr C applied for a current account with Co-op and applied to switch another account as part of Co-op's £125 refer-a-friend scheme, and his switch completed on 9 December. On 12 December Co-op emailed Mr C that he'd 'already benefitted from this offer' and wouldn't receive the payment. Mr C said although he had received £50 in May 2022 as part of Co-op's previous offer, he hadn't received anything under the £125 offer.

Mr C said the offers were entirely separate with different terms and conditions, but Co-op wouldn't pay him because it said he wasn't a new customer. Mr C said when he applied for the second Co-op account he had no other accounts with Co-op and was a new customer. He said the terms of the scheme state to be an 'new' customer he must open a new account, and complete a switch into a new account using the switch service, and the account must be open when the incentive is to be paid, all of which he said had done.

Co-op rejected Mr C's complaint saying, the conditions of its scheme state that he is only able to receive one recommendation payment for switching his current account to Co-op and he had received a previous incentive payment.

Mr C wasn't satisfied with Co-op's response and referred his complaint to our service. He said it had taken time trying to get the issue resolved and he would like the refer-a-friend payment, plus the £1 cost of making the phone call and an apology for the inconvenience.

Our investigator didn't recommend the complaint be upheld. She said there was only one account opening offer from Co-op, for which the payment was enhanced. She said under the terms Mr C could have been considered a new customer as the requirement to switch the main current account wasn't clear. However, the terms are clear that Co-op intended to pay new customers once, who had not benefited before. And so the investigator didn't think Mr C was eligible for a second payment under the same scheme and said he'd made a mistake in believing he had met the full terms and conditions of the scheme, which reminded the same.

Mr C disagreed and requested an ombudsman review his complaint. He provided messages from a forum about people who received an incentive payment before October 2022 and then switched Co-op accounts out prior to the £125 offer in November 2022, and received the £125 incentive as part of the new scheme. Mr C thought it reasonable to assume that a significant change to the terms of the scheme, including the amount payable would constitute the launch of a new offer. He made the point that regulated firms are required to take steps to ensure that communications or financial promotions are 'fair, clear and not misleading'.

What I've provisionally decided – and why

I have looked at all of the information the parties have provided about Mr C's complaint to see if Co-op has acted within the terms and conditions of its refer-a-friend scheme, and to see if it has treated him fairly.

Mr C has sent copies of messages from forums and details of another bank's incentive scheme. Although these are of interest, and indicate the possibility that some customers have received a second incentive payment. Co-op's decision not to pay the incentive to Mr C has to be considered in accordance with the terms and conditions of the scheme.

Co-op has said the refer-a-friend scheme has been operating since February 2020 and the terms and conditions have been amended since then. It said the scheme was relaunched in February 2023, but this was not a new offer or a new scheme. It also said it didn't consider Mr C to be a new customer just because of the change of account details as he was linked to a previous closed account.

Mr C thinks the terms and conditions don't clearly say the scheme is for new customers who have not been referred before or who are not returning customers. He says there's nothing in the terms and conditions or the literature accompanying the scheme to say whether the scheme is a relaunch of a previous one or a new offer. Mr C also noted that being an existing customer of Co-op didn't make him ineligible for the scheme – the terms and conditions only state that the recommended friend must open a new current account and complete a full switch from their old account. And its webpage states that the person being referred would qualify if they don't have a Co-op current account.

Mr C says he held an account with Co-op and received the £50 payment then applying. But he didn't have an account in November 2022 when he applied for an account with Co-op under the amended scheme.

The terms of the scheme state that, 'The Recommended Friend is entitled to only one payment even if they switch more than one account to us or if more than one Recommender refers them'. And so even though Mr C didn't hold a current account with Co-op when he made his second application, he was potentially ineligible for the incentive payment under this term as he previously received an incentive payment.

However, Co-op has a responsibility to provide information to its customers that is clear, fair and not misleading. Mr C doesn't think the terms and conditions of the refer-a-friend scheme are clear. And, on balance, I agree. Co-op has said the scheme is one scheme that's been re-launched and amended over the last three years. It seems its intention is to restrict a customer to one payment throughout the course of the whole scheme. But I don't think that is set out clearly in the terms and conditions. They simply say the recommended friend is only entitled to one payment. They don't say over what time period and there's no reference to previous terms and conditions or relaunches of the same scheme.

I also think the terms and conditions are unclear about the eligibility of returning customers or the definition of a 'main account'. And so although I think Co-op's scheme only intends to make one incentive payment, I think it could have been clearer around eligibility to ensure that potential customers, such as Mr C, weren't in any doubt about their entitlement. In my view, the terms are ambiguous and could be interpreted either way. And, as such, I don't think they meet the test of being clear, fair and not misleading.

As a consequence, I think it was reasonable for Mr C to assume that he was eligible for the refer-a-friend incentive payment, and I am currently minded to require Co-op to pay Mr C £125 in order to put things right. This is in accordance with other decisions we have reached on Co-op's scheme.'

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.

In response to my provisional decision, Mr C said he had no further points to make before a final decision. And Co-op said it was happy to accept the decision and would pay Mr C the £125 when a final decision is received.

Given that both parties have made no challenges or further points in response to my provisional decision, I see no reason not to follow the outcome I proposed there.

Putting things right

It follows that I remain of the view that it was reasonable for Mr C to assume that he was eligible for the refer-a-friend incentive payment, and that in order to put things right it would be fair for Co-op to pay Mr C £125.

My final decision

For the reasons given here, it is my final decision that the complaint is upheld. I require The Co-operative Bank Plc to pay Mr C £125 under the refer-a-friend scheme.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 18 December 2023.

Andrew Fraser
Ombudsman