

The complaint

Ms P complains that Co-operative Bank Plc (“Co-op”) temporarily blocked her account and that she received poor customer service when she questioned Co-op about what had happened.

What happened

On 6 September Ms P made an online transfer of £1,500 to an account she held jointly with her husband with another provider. The transfer was flagged for extra checking by Co-op’s fraud protection systems and a temporary hold on the transaction was applied until it could confirm that the transaction was genuine. Co-op used its automated system to call Ms P on the number held on file and communicated a message saying there may have been fraudulent activity on her account and asked her to press a number to continue.

Ms P had suspicions about the call being a scam and so didn’t continue the call instead deciding to visit a branch of Co-op to find out what was happening the following day. On visiting a branch of Co-op Ms P was given incorrect advice and told that the Co-op doesn’t do those sorts of automated calls. The payment was released on the same day after being reviewed manually internally.

Ms P raised a complaint with Co-op. She had concerns someone else could’ve answered the phone and heard the message about the fraud check and that she’d wasted her time visiting its branch as she was given incorrect information. Co-op explained that under the terms and conditions of the account it has the right to refuse to make a payment if it suspects fraud and that it uses different ways to confirm payments are genuine. Co-op apologised for the incorrect information given and said it would provide internal feedback and compensated Ms P £20 for the inconvenience caused.

Ms P was dissatisfied with this and brought her complaint to this service. She says she wasn’t notified when the block was lifted and wasn’t given any information about why Co-op suspected potential fraudulent activity in the first place.

One of our investigators looked into Ms P’s concerns and didn’t think Co-op had treated Ms P unfairly or had made an error in applying the block as it was for security reasons and the account terms and conditions allowed Co-op to do this. They agreed it provided incorrect advice to Ms P but thought the £20 compensation paid to Ms P reflected the inconvenience caused and didn’t think Co-op needed to do anything more.

Ms P disagreed, she says leaving a message on her landline was unreasonable as it could’ve been picked up by anyone or she might have been away and not known a hold had been put on the transfer. Furthermore, it was unreasonable for Co-op to expect her to ring a premium phone number to speak about the transaction. Ms P wants an increase in the £20 compensation already paid and has asked for an ombudsman’s 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.

My role is to look at problems that Ms P has experienced and see if Co-op has made a mistake or done something wrong. If it has, we seek to put - if possible - her back in the position she would've been in if the mistakes hadn't happened. And we may award compensation that we think is fair and reasonable.

It might be helpful for me to say here that, I don't have the power to tell Co-op how it needs to run its business and I can't make Co-op change its systems or processes – such as how or when payments are processed or held for security checks. These are commercial decisions and not something for me to get involved with. Nor can I say what procedures Co-op needs to have in place to meet its regulatory obligations. We offer an informal dispute resolution service and we have no regulatory or disciplinary role.

That said I don't think it was unreasonable for it to have systems in place – in this case carrying out checks on outgoing payments that meet certain criteria - to ensure the transactions are legitimate and it meets its regulatory requirements. As I'm sure Ms P understands this is needed not only to protect businesses against criminal activity, but also their customers.

And although I appreciate Ms P experienced a delay in her transaction going through - I don't think Co-op has acted unfairly or done anything wrong because on this occasion the payment hit its criteria for further checks. This is allowed under its terms and conditions and is in-line with its regulatory obligations. I appreciate Ms P would like to know why her payment was selected for extra security, but there could be any number of reasons that Co-op's systems picked up this particular transaction – such as it being a larger payment to a new beneficiary account. And Co-op is under no obligation to provide this information if it doesn't want to, indeed, in some situations it is prohibited from disclosing this information.

Ms P is unhappy that she received an automated call to a shared line and that the automated fraud message could have caused her embarrassment if picked up by someone else. Ms P says automated calls raise suspicions of being scam calls and questions what would happen if she was away.

But as I understand it, it was Ms P that provided Co-op with this number and I've seen nothing to suggest that she'd requested this number not to be called or that Ms P had concerns about her personal safety. And I don't think the message delivered accused her of fraud - it was a standard message checking the legitimacy of a transaction which I think most would understand was a necessary safeguarding measure.

I appreciate Ms P's concerns about being away or the call being a scam and that it was unreasonable for her to be expected to pay the cost of a call to Co-op to confirm the legitimacy of the transaction. But when looking at a complaint we look at what actually happened and not what might have happened.

As mentioned above although it is not for me to decide how Co-op conducts its security checks, I will say that if Ms P hadn't received the message following making a transaction that required further security checks Co-op has explained it does have other ways to confirm a transaction is legitimate. In any case nothing is fool proof, if Ms P had any concerns about a transaction going through there is nothing stopping her from getting in touch with Co-op in advance of making it.

And if a customer suspects something is a scam or unhappy at confirming the details over the phone, there is no reason they can't check this by a means they trust or feel more comfortable with. Indeed, this was what Ms P did herself by choosing to visit a branch of Co-

op to confirm the transaction.

Ms P says Co-op never confirmed with her the legitimacy of the transaction and released the funds without her knowledge for almost 5 days. Co-op says the payment was checked manually and then released the following day as it wasn't able to discuss the payment over the phone. So as Ms P wasn't involved in the process of checking the transaction, I don't think it's unreasonable that Co-op didn't inform her the process was complete.

I appreciate there was a delay in the release of the payment and Ms P was inconvenienced. But things don't always go smoothly and I think it's reasonable to expect to have to spend some time on dealing with and rectifying personal administrative issues – such as customers ensuring important payments have gone through and businesses ensuring the safeguarding of its customers funds.

So I don't think Co-op acted unreasonably or made a mistake when it put a temporary hold on the payment pending checks.

Co-op has already agreed it provided Ms P with incorrect information when she visited a branch to query the hold on the payment and provided feedback to its staff and compensated her £20 which I think is fair. I haven't seen that Ms P lost out financially because of this or that the incorrect information caused a different outcome and further delayed the release of the payment.

So on this basis because I don't think Co-op made an error in the holding or releasing of the payment and as I'm not persuaded further compensation is warranted above the £20 already paid, I don't think there is anything further Co-op needs to do to settle Ms P's complaint.

My final decision

For the reasons I've explained, I've decided that the £20 compensation paid by Co-operative Bank Plc to Ms P is a fair way to settle this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms P to accept or reject my decision before 22 February 2024.

Caroline Davies
Ombudsman