

The complaint

Mr S complains The Co-operative Bank Plc blocked and then closed his account without providing a proper explanation. He is also unhappy that Co-op asked him questions about how he was using his account.

What happened

Mr S had a current account with Co-op. Mr S has explained that he prefers to deal in cash and often made large cash withdrawals from his account for general spending and to pay for costs relating to his family business.

In October 2023, Co-op reviewed Mr S's account. Whilst it did this Co-op blocked the account, which meant Mr S wasn't able to use the account or access any funds that were in it. Following this Co-op asked Mr S to provide some information about cash withdrawals he'd made in August and September 2023, totalling just over £20,000. And asked him questions about money coming into the account.

When Mr S spoke to Co-op, he explained that he simply preferred to deal in cash and that the people he did business with also favoured cash. He said that he'd done this for a long time and that the bank was well aware of how and why he ran his account the way that he did. So, he didn't think he needed to provide any more information about the activity on his account.

Following this Co-op decided to close Mr S's account immediately and wrote to him in October 2023, telling him that he'd need to make alternative banking arrangements. And that the closing balance would be returned to him once the account had been closed.

Mr S complained to Co-op. In response, Co-op said it hadn't done anything wrong and had blocked Mr S's account to comply with its legal and regulatory obligations. The bank also said it had closed the account in line with the terms and conditions. And had asked Mr S questions about how he was using his account in line with its banking policies and procedures.

Unhappy with this response, Mr S brought his complaint to us. He wants to know why the bank blocked and closed his account. He said when he spoke to the bank it refused to give him any information and simply referred to its regulations. Mr S said he wasn't able to pay his bills and buy food because the bank blocked his account, so he had no access to funds. He wants Co-op to provide a proper explanation and pay compensation for the trouble and upset the block on his account caused him.

An investigator reviewed the complaint. After reviewing everything the investigator said Co-op hadn't done anything wrong when it had blocked Mr S's account. She said it had done so in line with its legal and regulatory obligations. She also said the bank had closed the account in line with the account terms and conditions. So, she didn't uphold the complaint.

Mr S disagreed. 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 S fairly. So, I am persuaded I should take it into account when deciding the outcome of this 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. 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.

To comply with its responsibilities Co-op will monitor accounts and conduct specific or occasional checks. That sometimes means they need to block customer's accounts – either in full or partially while they carry out their review. And ask for information about payments made into and out of an account. The bank is entitled and obliged to carry out such checks, which is common industry practice, and this is what Co-op did here. This applies to both new and existing customers regardless of how many years a customer may have banked with Co-op.

The terms of Mr S's account also permit Co-op to review an account and ask for information. Having reviewed everything, I think Co-op blocking Mr S's account was reasonable in the circumstances. And the bank did so in order to comply with its legal obligations. So, whilst I accept this caused Mr S inconvenience and upset, I can't say Co-op treated him unfairly when it blocked his account.

I understand that Mr S questions why Co-op asked him for information if he had previously explained how he runs his account to the bank. But the bank's legal and regulatory responsibilities to ensure account are being run in the way that they should be. As such, it is not unusual for a financial business to ask for information periodically, even if the account holder has been a customer for some time and provided information previously.

I'll next deal with the closure of the 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. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene.

The terms and conditions of Mr S's account, which Co-op and Mr S had to comply with, say that it could close the account by giving Mr S at least two months' notice. In certain circumstances Co-op could also close the account immediately, which is what happened here.

On balance when considering Co-op's wider regulatory responsibilities and all the information available to me, including how the account was operating, I find Co-op had a legitimate basis for closing the account immediately and not tell Mr S why. So, I don't find Co-op treated Mr S unfairly when it closed his account.

In summary, I appreciate that it was upsetting and stressful for Mr S when Co-op blocked and closed his account. So, I realise he will be disappointed by my decision. But overall, based on the evidence I've seen, I can't say Co-op has acted unreasonably and treated Mr S unfairly. So, I won't be asking Co-op to do anything more to resolve this complaint.

My final decision

For the reasons I've explained, my final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 5 March 2024.

Sharon Kerrison
Ombudsman