

The complaint

Mr L complains that The Co-operative Bank Plc (Co-op) allowed his account to become overdrawn due to a delayed payment and have provided poor service throughout his complaint journey.

What happened

Mr L contacted Co-op by telephone on 1 October 2023 to tell them there was a fraudulent transaction on his account. During this call, the Co-op adviser told Mr L that any genuine transactions which were pending on his account would be delayed by four weeks, but it could possibly be up to twelve weeks. Mr L interjected at this point and said that a specific payment of £1,000 needed to be sent. The adviser said it had left the account.

At the end of October, Mr L noticed that his Co-op account was overdrawn, and he complained. There was confusion about the complaint being raised and an exchange of secure messages took place before a response was sent on 21 November 2023 apologising and awarding £25 in compensation. Mr L was dissatisfied with Co-op's answer, and both questioned the decision and asked for the complaint to be re-opened. Co-op sent a further final response on 4 December 2023 where it awarded £20 because of wrong information given by an agent regarding charges being due. Mr L went back to Co-op again by secure message raising further concerns about customer service which resulted in a third final response dated 10 January 2024. This upheld the complaint in part awarding a further £150 as compensation, bringing total compensation to £195. Mr L remains unhappy and brought his complaint to this service.

One of our investigators reviewed the complaint and said Co-op didn't need to do anything further. They agreed that the customer service had been poor but said the £195 compensation was fair in the circumstances. They also made the point that Mr L had been told on the initial phone call pending transactions could take between four and twelve weeks to debit his account. Mr L disagreed and asked that an ombudsman review his complaint. So, it's been passed 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.

Mr L has sent this service comprehensive notes of the poor service he experienced and the impact this had on him. I thank him for the time he's taken to do that. I hope Mr L won't take it as a discourtesy that I won't be referring to each individual instance he's complained about. But I would like to reassure Mr L that I have read, and taken account of, all that he's said. And I'll be looking at the aspect of customer service in full.

I'd also like to clarify what I can and can't ask Co-op to do in relation to their customer service. Because we are a dispute resolution service, we look at the customer service relating to the individual complaint we're dealing with. Wider concerns are picked up by the regulator, the Financial Conduct Authority. So, I'll be looking at whether Co-op treated Mr L

fairly and reasonably.

There are two main issues at the heart of this complaint. The first is whether Co-op told Mr L that his pending transactions could be delayed and secondly, was Co-op's customer service acceptable.

I've listened carefully to the call which took place on 1 October 2023 when Mr L reported the fraudulent transaction. The adviser takes Mr L through the process required when a transaction is reported as fraudulent. Midway through the call, the adviser asks Mr L to confirm two pending transactions as being genuine, which Mr L does. He then tells Mr L that any genuine spending which is still pending will be delayed in debiting the account by approximately four weeks however it can take up to twelve weeks. Then, Mr L tells the adviser that the £1000 transaction payable to a business, which I'll refer to as H, needs to be paid. The adviser replies that the £1,000 has already left the account and has gone through.

From this phone call, I'm satisfied that Co-op made Mr L aware that pending transactions would be delayed by between four and twelve weeks. But, having listened to the conversation, I think there was room for misinterpretation as to what was happening with the payment to H. Mr L told the adviser he needed it to be paid and the adviser said it had left the account and had gone through. I think Mr L could've thought this meant the transaction had been debited from his account already. But if that were the case, why would the adviser have referred to it as a pending transaction only a few seconds earlier? I think there is room for doubt on this point. Mr L didn't pursue it and the adviser didn't refer to it again. So, I've looked at Mr L's statements to see what happened in terms of entries on the account.

The statements show the payment to H was not paid on 1 October 2023 but on 30 October 2023. So, it was delayed as the adviser said pending payments would be. If the payment to H had debited the account on 1 October 2023 as Mr L had wanted it to, the account would've had sufficient funds to make the payment and leave the account in credit. But, two days later, Mr L made a payment of £1,000 to a third party effectively using the money which should've been "ringfenced" to pay H. When the pending transaction to H was debited on 30 October 2023, the same third party re-credited the account with £1,000 and so it remained in credit.

But the next day there's a further transfer to H but this time for £2,000. And it's this payment which took Mr L's account overdrawn. I can't hold Co-op responsible for creating an overdraft when the entries are genuine and authorised by the account holder. It's the responsibility of the account holder to make sure there are sufficient funds on their account before making payments. In this case, I can't see that Mr L would've been able to make a payment of £2,000 at any time during October 2023 without being overdrawn. So, whilst I think there may've been confusion, I don't find that I can hold Co-op responsible for creation of the overdraft.

I now move on to the issue of customer service. I agree with my colleague that this hasn't been as good as Co-op would've wanted it to be. And they've recognised this in their final responses and in the compensation they've awarded. Co-op have settled on a combined figure of £195 to recognise the trouble and upset caused. This service doesn't punish a business for getting things wrong. We try to either put the customer in the position they would've been in had the mistake not happened, if the business needs to take further action, and/or give compensation for distress and inconvenience.

Mr L has told us the worry of having bank charges taken from his account caused him great distress. I can understand this if, as Mr L says, he's never been overdrawn before. And the conflicting information he got about whether he would or wouldn't be charged can have only increased his anxiety. In the event, no charges were made but it does mean that for the time the query was unresolved, Mr L was understandably concerned. I've considered all the circumstances here and I believe that £195 is in the general area of what I would've awarded. So, I don't intend to ask Co-op to do anything further.

My final decision

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 L to accept or reject my decision before 25 July 2024.

Stephen Farmer
Ombudsman