

## **The complaint**

Mr C is represented by his wife, Mrs C in bringing this complaint. They say The Co-operative Bank Plc (*'The Co-op'*) behaved unfairly in relation to a system failure which meant Mr C was unable to set up a new Guaranteed Income Bond before the investment was withdrawn.

## **What happened**

Mr C is an existing Co-op customer. He attempted to open an NS&I investment bond online – which had a fixed interest rate of 6.5% - on the morning of 5 October 2023. However, despite attempting to make payment through his debit card to set up the bond, Mr C encountered a system outage.

Mrs C called the Co-op on Mr C's behalf. She was initially told that the system would be reinstated by the end of the day. After being transferred to a manager, Mrs C was told the system had been restored – but she and Mr C may want to wait thirty minutes before making a further payment attempt.

During the call, Mrs C says a further payment attempt was made at 10:12am – but it was declined. She says Mr C made a final attempt at 10:48am once the thirty minutes had passed, but it was also declined. The manager said she would call Mr and Mrs C back an hour later, though she did not do so. Mr C did not make any other attempts that day to process the bond application.

The Co-op says its records show the payment attempts were 8:20am, 9:11am and 9:47am – though it agrees that Mr C made the three unsuccessful attempts to use his debit card to fund the investment.

The bond (at the advertised rate of 6.5%) was withdrawn the following day. The next best available rate was 6.05%. Mr C thereafter proceeded with the lower rate investment, funding it by bank transfer on 12 October 2023.

Mr and Mrs C complained to the Co-op. They said that the Co-op's actions caused them to miss out on the investment opportunity, and they ought to be compensated for the shortfall in interest.

On 15 October 2023, the Co-op upheld Mr C's complaint in part. It said its call handlers on 5 October 2023 should have raised a complaint on Mr C's behalf from the outset and it had given them feedback about this. It also agreed it did not call Mrs C (on Mr C's behalf) back when she had been told to expect a call. For that, it credited Mr C's Co-op account with £75.

However, the Co-op didn't agree that Mr and Mrs C had missed out on the investment opportunity. Its system had experienced a major unplanned outage but it was recovered within an hour, and from approximately 10:30am onwards. Mr C could have tried to make the application again during the rest of that day, but he did not do so.

Mrs C referred Mr C's complaint to this service. She explained that they had undergone some two hours of telephone calls with the Co-op in trying to resolve the complaint. In

addition to greater compensation for distress and upset they had been caused by the Co-op, Mrs C also said it ought to pay the loss of interest Mr C had missed out on for the next year.

The Co-op said that Mr C could have set up his investment by bank transfer instead of a debit card payment – as that system was still operational during the system outage. However, Mrs C had declined this option.

One of our investigators reviewed the complaint. She recognised the frustration Mr C would have felt, but she did not think the Co-op needed to do anything further to resolve the complaint. She said that Mr C – as the eligible complainant – had been fairly compensated with £75 to reflect the frustration caused at discovering there was a system outage when he went to set up the investment bond and could not do so. However, when representing him on the call with the Co-op, Mrs C had understood that the system had been restored and that the bond being offered may be withdrawn at any time. Mr C's representative had been reasonably updated and she did not believe that Mr C had suffered any additional loss.

The Co-op didn't have any additional comments to make.

Mrs C said Mr C did not accept the investigator's view on the complaint, and they wanted it to be referred to an ombudsman. She felt the investigator had focused on what Mr C didn't do – i.e., that he didn't try again on 5 October 2023 – rather than what the Co-op ought to have done. Mrs C also noted that:

- she and Mr C believed the Co-op ought to have provided a reliable online service for transactions and it did not do so;
- if the manager had called them as promised, the transaction would have gone ahead;
- other customers made comments on social media that day about the same issue;
- though she accepts she told the Co-op's call handlers that the product may close, she didn't necessarily believe it – she just said that to encourage the Co-op to resolve the system error;
- in fact, it came as a shock to Mr and Mrs C that the investment had been withdrawn the following day;
- they feel that the investigator had already decided the complaint would fail from the outset, so no comments they made would change that;
- even if Mrs C could not be compensated as a representative, Mr C suffered distress and inconvenience as he was party to the circumstances and the complaint.

### **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.

Having reviewed the evidence from both parties carefully, I do not believe that this complaint should succeed. I realise this won't be what Mr and Mrs C have hoped for. However, I agree with the outcome reached by our investigator, for principally the same reasons.

The crux of this complaint is one of redress; it centres on the impact of the Co-op's system outage, which affected Mr C's ability to use a debit card to set up the required Guaranteed Income Bond. Both parties agree that this failure ought not to have occurred. What they disagree on is appropriate compensation for the upset caused to Mr C. Mrs C also believes that Mr C suffered an associated loss, as the investment rate offered was withdrawn the following day.

Complaints to this service do need to be about specific regulated activities or any ancillary

activities, including advice, carried on by a business in relation to regulated activities (such as the administration of an investment). Complaint handling is not a regulated activity in its own right and does not fall within our jurisdiction. So I will not be able to look at the issues Mrs C raises on Mr C's behalf about the time spent on the telephone in relation to this complaint.

I am also unable to make specific findings about the system outage itself. It's also important for me to point out that we do not act in the capacity of a regulator. That means our decisions don't ordinarily interfere in how a business may conduct its operations or exercise what may be commercial judgment decisions. That remit falls to the Financial Conduct Authority.

The Financial Ombudsman Service provides informal dispute resolution. My remit is to make findings on what I believe to be fair and reasonable to both parties in the circumstances and this does not follow a prescribed format. Instead, I will set out my reasons for my findings on what I consider to be the central issues in this complaint, based on the evidence before me.

In reaching a decision, we will consider if a business has treated its customers unfairly because of actions or inactions. And if it has done so, we then go on to consider what ought to be done to put the mistake(s) right. In this case, that was to recognise that up until approximately 10:30am on 5 October 2023, the Co-op was unable to process Mr C's debit card payment, meaning he could not fund the investment he required at that time.

I don't agree with Mr and Mrs C that this failing on the Co-op's part on that morning has caused their inability to invest such that it should be consequentially liable for the difference in the interest rate for the bond (of 0.45% per annum) now. I say that based on two considerations; firstly, Mrs C was made aware that the system was back up and running – so Mr C could have made a further debit card payment attempt at any time during the rest of the day and secondly, they were given the option during the call of using telephone banking to undertake a bank transfer to fund the investment. Not only was this a possible means of making the transaction, but Mr C went on to fund the 6.05% interest investment bond on 12 October 2023 using this method.

So, I am not persuaded that the Co-op's actions have caused Mr C a financial loss, based on the inability to invest before the rate for the bond was withdrawn the following day. I recognise that the Co-op told Mrs C it would call her back (and I will address this below in terms of the compensation offered) but I disagree that the failure of the call handler to contact them further meant they were prevented from attempting to fund the investment again later on 5 October 2023; in my view, Mr C could have attempted a debit card payment or undertaken telephone or online banking as required during the remainder of the day.

As well as putting right any financial losses in a complaint (though there are none in this circumstance), we also consider the emotional or practical impact of any errors on a complainant. In doing so, we do not fine or punish businesses; as I explained earlier in this decision, the FCA undertakes the role of regulator.

It may be helpful for Mr and Mrs C to review to the guidance available on our website around the amounts and types of awards made in instances of upset, trouble, inconvenience and distress caused by businesses in the complaints we see at this service.

Considering the effect of the error, I believe the proposed payment of £75 was reasonable in circumstances where Mr C was temporarily unable to put a payment through to fund his investment by debit card, and where Mrs C as his representative was not called back as promised. I can see this caused him notable upset and frustration for a matter of hours and again the next day when discovering that the investment bond's interest rate had decreased.

This is an amount I believe appropriate for the impact of one-off errors of this nature.

### **My final decision**

I do not believe The Co-operative Bank Plc ought to do anything further to resolve this complaint; it has already paid a reasonable sum of £75 compensation to Mr C for the upset he was caused during its system failure and for the failure to call Mrs C when it promised it would do so. It has otherwise behaved fairly in informing Mr C via Mrs C of the means by which he could fund his investment if he so required and I don't find the Co-op is otherwise accountable for any delay or losses beyond the compensation already paid to Mr C.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 30 April 2024.

Jo Storey  
**Ombudsman**