

The complaint

Mr R is unhappy with the way The Co-operative Bank Plc dealt with his request to be paid for its “refer a friend” incentive scheme.

What happened

Mr R had an account with Co-op. He and his partner decided to use the Co-op “refer a friend” scheme to move his partner's main bank account to the Co-op and switch from her existing bank account elsewhere. This way they could both take advantage of the incentive on offer.

The account was opened but there were errors in arranging the switch. Eventually after Mr R and his partner complained about the problems and delays the switch went through. A few weeks after that Mr R and his partner completed and sent in the paperwork for the scheme and Co-op contacted them both to decline paying out the scheme incentive.

Co-op referred to the terms and conditions which said Mr R hadn't followed the process and was now outside the time deadline to get the incentive. Co-op said it wasn't clear if a switch had originally been requested. But the account had been open for more than 60 days so the terms required to pay the incentive hadn't been met.

Co-op did accept errors had been made and steadily increased the compensation offered to £40. Mr R didn't accept this and brought his complaint to this service.

Our investigator didn't uphold the complaint. He said the Co-op system didn't show a switch request had been made. He agreed that Co-op had said in calls with Mr R there had been problems with some account switches. But our investigator accepted within the terms and conditions that the paperwork to apply for the scheme had to be completed within 60 days of the account opening and that didn't happen. He felt the £40 compensation for errors made by the Co-op call handler was fair.

Mr R didn't accept this and asked for his complaint to be passed to an ombudsman for a final decision.

In my recent provisional decision, I said:

“I don't think Co-op has provided particularly good customer service here.

Co-op said:

“The reason the Refer a Friend Incentive wasn't paid out was due to the Refer a Friend form being submitted over 60 days after the account had opened. The switch requested...was captured by us on 01 August however the form was only submitted on 18 September. As per section 2.1 3 6 of the Refer a Friend incentive, the referral form needs to be completed within 60 days of the account opening, and not within 60 days of the switch being completed.”

Co-op also noted that in the initial discussions one of its call handlers and their manager had said "the reason you weren't paid the incentive was due to you having a Cashminder account I can confirm this information is wrong." So, it's clear that Co-op did accept in time that it had got the reasons wrong and had provided misinformation to Mr R.

It's clear that the later call handler who dealt with the delayed switch set up said in two separate calls that some customers had suffered similar issues with their accounts being switched over. It's understandable that Mr R would accept her word on this. Mr R was clear that the process to switch the account was straight forward and the only point it became a problem was once they had done all the initial details and the account with Co-op had opened.

Co-op didn't say there was any issue with the application made by Mr R. Co-op wasn't clear if a request for a switch had been made or not.

I can understand in later calls why Mr R got a bit frustrated as he didn't feel the account was truly up and running until the switch had gone through. The impression is that he felt the timeline for completing paperwork (the 60 days) would run from the point when the account was being used. This was only after the switch had been completed. Mr R said wages, direct debits, standing orders, etc were not passing through the account even though it had been opened. So, to him the account wasn't really opened as it wasn't being used until the point when the switch issues had been resolved. I don't think that's unreasonable.

But the account was open. And this is the point Co-op is sticking to and using to rely on its terms and conditions. 60 days had passed between the opening of the account and the required paperwork being sent in. Co-op said there was no need to wait so long to return the paperwork and in fairness I've not seen a clear response as to why it did take so long for Mr R to send this back to Co-op. But from the point when Mr R considered the account to be open the paperwork was passed to Co-op within 60 days from the switch.

When Mr R was dealing with the Co-op call handler who put things right and did get the account switched and up and running he did ask her if she could deal with the scheme referral. But she couldn't do that as it wasn't part of her role.

During the call recording when the switch is dealt with the call handler attempts to explain the terms and conditions but was stopped by Mr R. It isn't completely clear from the call recording, but from my listening I got the impression the handler was suggesting it was 60 days once the switch completed. I'm not sure Mr R was really taking in the information at this point, but I don't think it really matters. I think the call handler who did sort out the switch was very helpful and resolved the switch issue there and then. In relation to the scheme this part wasn't her role and so she may not exactly know the procedure. But her comment was more in line with what Mr R thought was happening and more in line with how I see it. The time for the paperwork would seem fairly to apply from the point the account was in use rather than just technically open.

I think the suggestion the account was already "open" is a bit of a red herring from Co-op. To Mr R it clearly didn't feel as though the account was open as it wasn't being used for anything. The point when he felt the account was open was when the switch was completed and the forms to complete the scheme were provided to Co-op within 60 days of that. To me the fair and reasonable answer is for Co-op to honour the scheme and pay the incentive.

I can understand why Co-op took the action it did, and it said the internal department dealing with switches had said there were no issues with account switches taking place. But that doesn't feel fair based on what Mr R was told by the call handler who dealt with the switch

about others having switch difficulties. If Co-op didn't want to pay out the incentive it should've been making Mr R aware that the time was running out. It didn't so I think it's unfair not to pay the incentive.

Mr R did get frustrated with Co-op. In view of the misinformation, delays and the service provided I think the £40 compensation on top of paying the scheme incentive is fair based on the issues involved here."

Responses to my provisional decision

Mr R responded to say he was grateful and accepted the decision.

Co-op responded to say it accepted the decision and would issue the payment.

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.

As both parties accepted the provisional decision, I can confirm my provisional decision becomes my final decision.

Putting things right

- Pay the incentive amount to Mr R.
- Pay the £40 compensation it originally offered for the poor service.

My final decision

I uphold this complaint.

I require The Co-operative Bank Plc to:

- Pay the incentive amount to Mr R.
- Pay the £40 compensation it originally offered for the poor service.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr R to accept or reject my decision before 19 April 2024.

John Quinlan
Ombudsman