

## **The complaint**

Mr B and Miss W complain about how The Co-operative Bank Plc responded after a potentially fraudulent payment was received into their account.

## **What happened**

Mr B and Miss W's account received an £80 credit on 27 January 2024. On 3 February 2024, the sending bank reported the payment as fraudulent. Miss W phoned Co-op the same day about an unrelated matter, and it informed her some blocks had been placed on her account pending an investigation. The investigation was completed, and the account was unblocked on 28 February 2024, which was shortly after Miss W had complained to the Co-op's chief executive.

Miss W is unhappy with the customer service she received which she feels was poor. She made many calls and sent emails to Co-op, in an effort to remove the account blocks. She says often the calls were long and she was put on hold many times and had to re-explain the situation again and again. She opened a new bank account because she had no timescale for how long she would be without full access to the account.

Miss W has explained she was extremely stressed and emotional during this time, and her mood was considerably affected. Miss W was prescribed sleeping tablets for the first time due to this issue, but once the blocks were removed her sleep returned to normal.

Before Mr B and Miss W came to this service Co-op had paid them £100. Co-op has subsequently offered a further £150.

The investigator thought it wasn't unreasonable for the bank to freeze an account when it had been notified the account had received fraudulently obtained funds. He thought that the bank should have dealt with things more quickly and that the account was blocked for twelve days longer than it should have been. He thought Co-op's compensation offer was fair and reasonable in the circumstances and didn't recommend anything further.

Miss W has asked for an ombudsman's decision. She thinks the mistake caused serious short-term impact.

## **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.

When an account is blocked this is very likely to cause inconvenience and upset to a customer, but I think it was reasonable for Co-op to put a block on the account given the information it had at the time. So, I won't be awarding any compensation for the distress and inconvenience caused by Co-op's decision to block the account. I think it was entitled to make that decision. But I have gone on to look at how Co-op then handled the situation after it first blocked the account.

I appreciate that Miss W had concerns about paying bills etc and incurred additional costs because she had issues obtaining money. I don't think it would be fair to order the bank to compensate her for any costs associated with her business as it is clear in the terms and conditions that the account is not for business use. I also think Co-op explained to her that she could still transfer money to existing beneficiaries she had set up at the time, and any standing orders and Direct Debits remained in place. I think that was a reasonable response from the bank to her concerns.

I don't, however, think that Co-op dealt with things in a reasonable timeframe, particularly given it had all the information it needed on 7 February 2024 and didn't unblock the account until 28 February. Co-op acknowledged this on 28 February and paid £100 into the account. It has subsequently offered a further £150.

Miss W has explained that as a result of the block she wasted time trying to resolve the issue (making around 18 calls), suffered chronic insomnia and her mood was affected. I am very sorry to hear that although I am glad to hear that she is now fully recovered. As I said previously, I think it was reasonable for Co-op to block the account in the first place so any compensation I award is not about the stress caused by blocking the account but about taking too long to unblock it.

This is relevant here because Co-op's decision to block the account seems to have caused a fair amount of Miss W's distress. She seemed understandably confused and frustrated when she learned this had happened – but it's in the nature of a bank taking an action like this that customers may be unavoidably impacted. That doesn't mean that the bank has done anything wrong though.

So, in focusing on the impact on Mr B and Miss W, I've considered all she has said, but I feel that the overall award of £250 fairly reflects the impact of the time it took for Co-op to put things right here.

### **Putting things right**

I think what the Co-op has offered is fair so that is what I will order it to do.

### **My final decision**

The Co-operative Bank Plc has already paid Mr B and Miss W £100 and has made an offer to pay a further £150 to settle the complaint and I think this offer is fair in all the circumstances.

So, my decision is that The Co-operative Bank Plc should pay Mr B and Miss W a further £150.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B and Miss W to accept or reject my decision before 22 July 2024.

Nicola Wood  
**Ombudsman**