

## **The complaint**

Miss M complains that The Co-operative Bank Plc did not allow her to deposit a lump sum into her Individual Savings Account (ISA), and they provided her with poor customer service.

## **What happened**

Miss M opened a fixed rate ISA with Co-op and she set up a transfer from a third party ISA provider to credit her newly opened ISA. She says this was successful, however, she was unable to log into her account and deposit further funds. She phoned Co-op and she says she was told she was unable to deposit further funds as she had reached the deposit limit on her ISA, but Miss M says she hadn't.

Miss M says she managed to ring back and speak to another call handler who understood the situation, and her login issues were resolved, however her 30 day window to deposit into the account had passed. Miss M says she rang Co-op to ask for the deposit window to be waived and she called them several times, but she faced long hold times and promises of call backs, but she didn't receive the call backs. Miss M said on the last call she had with Co-op she had confirmation her ISA would be closed with no penalty, but this still hasn't been actioned. Miss M made a complaint to Co-op.

Co-op initially did not uphold Miss M's complaint. They later upheld the complaint and offered Miss M £200 compensation for distress and inconvenience. They said if they closed the account Miss M would have a 180 day interest penalty, however, if she transferred the ISA to another ISA provider (which would also ensure she didn't lose the ISA wrapper), she would incur no penalty for transferring out.

Our investigator said that the £200 compensation was fair. She said the transfer was initially rejected as Miss M included a different address on her application form. She said the service was poor and Miss M didn't receive call backs when they were promised. Our investigator said she couldn't hold Co-op accountable for Miss M not making an additional deposit into the account within the first 30 days of it being open as the evidence showed Miss M should've been able to access the account if she'd wanted to as she was aware of the account number and sort code.

Miss M asked for an ombudsman to review her complaint. She made a number of points. In summary, she didn't believe the address was different on the initial application form, while she received the account number, this didn't allow her to log into the account, so she missed out on depositing into the ISA within the 30 day window, she was told by Co-op that she had deposited the maximum amount into her ISA which was a critical error from Co-op, and it prevented her from accumulating funds in an ISA. Miss M said Co-op were clear she could either have the funding window extended or her account closed without penalty, and she found the £200 compensation to be insulting based on what happened.

## **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.

Firstly, I'm aware that I've only summarised Miss M's complaint points. And I'm not going to respond to every single point made by her. No discourtesy is intended by this. It simply reflects the informal nature of our service as a free alternative to the courts. If there's something I haven't mentioned, it isn't because I've ignored it. I haven't. I'm satisfied I don't need to comment on every individual point to be able to reach what I think is a fair outcome.

I've reviewed the key features of the Co-op fixed rate ISA, as this is what Miss M would have needed to agree to when she opened the ISA. I'm satisfied that this document is clear that she had 30 days from the account opening date to make additional deposits into the ISA, and no further deposits would be allowed after 30 days from account opening.

The key features also show that for any withdrawals there would be 180 days interest penalty on the amount withdrawn. This document also shows that Miss M can manage the account a number of ways including online, over the phone, in branch or by post.

I've considered what Miss M has said about her experiences on the phone with Co-op. I've listened to all of the available call recordings. On the call I listened to from 17 November 2023, only days after she had opened the account, Miss M does give the call handler the sort code and account number for the ISA. Miss M informs the call handler that she can't log into the online banking. The call handler sends Miss M a passcode to enable her to register for the online banking. Miss M confirms she's "*in*". So it does appear she was able to log into the online banking at this point.

Miss M asks the call handler how she could transfer her external ISA into this account. The call handler explains she will get a letter in the post. Miss M tells the call handler she'll wait for the letter, and she'll ring them back if she doesn't receive it.

Miss M rings Co-op on 1 December 2023 and she tells the call handler that the ISA wasn't transferred as the address didn't match. The call handler confirmed the difference in the address, so Miss M was aware of this at this point. The address was updated to the correct address on the phone. Miss M tells the call handler she will just post the form back. It could be that Miss M accidentally selected the incorrect address when opening her account, but as this was quickly amended on the phone and the transfer completed within the 30 day window, I'm not persuaded that the incorrect initial address had an impact on Miss M being able to add a further deposit into her account.

I say this as Miss M had already logged into her online account successfully on the call on 17 November 2023. But even if she had forgotten her log in details after this date, she would have been aware from the key features document that she only had 30 days from the account opening to make the deposit into her account. She also had her sort code and account number. So she would have been able to make a deposit into her account either by visiting a branch, over the phone or by post. She could have also instructed her own bank to make a transfer by giving them her sort code and account number.

There are no other call recordings prior to the deposit window expiring on 13 December 2023, so I can't reasonably say that the information Miss M was given on her two calls prior to the deposit deadline expiring led to her missing out on the opportunity to deposit funds into her ISA. She did not ask either of the call handlers to take a deposit from her on the call.

It was only after the deposit window had passed that Co-op received Miss M's additional deposit. So this resulted in Co-op rejecting the payment. Co-op wrote to Miss M on 15 December 2023 regarding the returned payment. But this gave Miss M the incorrect explanation of why her payment was returned. The letter said this was because Miss M's

ISA balance was already at the maximum for the current tax year, then the payment had been returned.

So I'm persuaded that this would have caused Miss M distress as she would have been aware she hadn't contributed to an ISA in the current tax year, and it was a transfer in that she had made. So the letter should have correctly informed Miss M that the payment was rejected as it was received by Co-op after the deposit window had closed.

It was only on the 18 December 2022 letter that Co-op sent Miss M that it was clear the deposit window had passed. As Miss M had missed the deposit window she wouldn't have been able to deposit into this ISA. But this doesn't mean she could not deposit to another ISA with another provider that tax year, as the ISA she transferred into Co-op was made up of deposits from previous tax years, so Miss M was still able to contribute to an ISA at that point.

Miss M rings Co-op on 22 December 2022. This was after the deposit window had expired, and after she received the two letters. Miss M was told incorrect information on this call as she was told the transfer would count towards her ISA allowance. But as the transfer from the other ISA provider was over £20,000, it should have been clear to the call handler that this didn't count towards Miss M's ISA allowance for that tax year, otherwise Co-op would have accepted more into an ISA than they should have done.

Miss M was told that she couldn't pay into the account now until it matured, which was the correct information. Miss M asks her if they can make an exception, and the call handler speaks to a colleague. The call handler tells Miss M she will have to email their finance department with her request, and she will call her back. But Miss M didn't receive a call back, so this would be distressing for her. But the call handler did not agree that the deposit window would be extended on this call.

Miss M rings Co-op on 2 January 2024. She tells the call handler that Co-op agreed that there was a mistake, but Co-op had not agreed there was a mistake on any of the previous calls I listened to. The call handler reads the system notes to Miss M and tells her that it looks like she's missed the 30 day deposit window. Miss M tells the call handler that she wasn't set up with an account in 30 days. But this is not correct. She provided the sort code and account number to the call handler in November 2023. Miss M tells the call handler she couldn't log in. But she did log in on the call in November 2023. She tells the call handler that Co-op had agreed an exception. But this wasn't agreed on any of the previous call recordings.

The call handler tells Miss M that there is a 180 days penalty for withdrawals, so they need to contact the relevant team to see if this would still apply. The call handler told Miss M that she'd get a call back "tomorrow". But again, this didn't happen. So further distress would have been caused for Miss M. She was inconvenienced again by having to ring Co-op back on 5 January 2024 when she didn't get the call back.

The call handler read a response from the relevant team to Miss M which said that they weren't currently charging a penalty if Miss M transferred the ISA to a new ISA provider, but there would be a penalty of 180 days interest if Miss M closed the account without transferring it to another provider.

The call handler asked Miss M if she understood, and Miss M confirmed if she moved it out to another provider she wouldn't be charged a penalty. Miss M said she didn't have an answer about Co-op extending the deposit window, so the call handler set an expectation to Miss M that she would get a call back about this. There was no further call recordings for me to listen to, but it appears that Miss M didn't get a call back here either, based on the secure

message she sent Co-op on 28 January 2024.

I've considered what would be a fair outcome for this complaint. As Miss M's account was open, she had the sort code and account number for the account, and she would have been able to deposit money into her ISA within the 30 days window that the key features informed her about, then I'm unable to ask Co-op to extend this window. Even if she had forgot her log in details after she had successfully logged into her account as I heard her confirm this in the November call, she still had various other ways she could deposit into the account. I didn't hear any of the call handlers she spoke to confirm to her that the window would be extended.

I'm unable to ask Co-op to waive any penalties either. This is because the key features clearly set out there would be an interest penalty of 180 days if there are closures during the fixed term. So I can't say that Co-op should waive this because Miss M didn't make a deposit in the 30 days period that she was able to deposit. I do note that Co-op said if she transferred her ISA to another ISA provider then they would waive the interest penalty, so this may be an option to Miss M if she wanted to transfer her ISA to another ISA provider before the account maturity date. But she should note that the interest penalty wouldn't be waived if she closed the account without this being transferred to another provider.

But I do think that Co-op let Miss M down with the service they provided to her after the deposit window had passed. She was often promised call backs which didn't happen, she was told incorrect information on one call, and she had lengthy hold times. So Co-op did cause Miss M distress and inconvenience with their actions here.

I've considered what Miss M has said about the £200 offer of compensation and that this is insulting. I must explain to her that our awards are not designed to punish a business or to make it change the way it acts in order to protect other customers in the future. That is the role of the regulator. We sometimes award compensation if we feel that a business has acted wrongfully and therefore caused distress and inconvenience to their customer over and above that which naturally flows from the event. £200 is in line with our awards for the distress and inconvenience Miss M was caused by Co-op. So it follows I intend to ask them to put things right for her.

### **Putting things right**

Co-op has suggested that they pay Miss M £200 for distress and inconvenience, which I think is reasonable in the circumstances.

### **My final decision**

I uphold this complaint in part. The Co-operative Bank Plc should pay Miss M £200 for distress and inconvenience.

Under the rules of the Financial Ombudsman Service, I'm required to ask Miss M to accept or reject my decision before 17 July 2024.

Gregory Sloanes  
**Ombudsman**