

## The complaint

Mr J complains The Co-operative Bank Plc (“Co-op”) blocked his account, asked for excessive information in relation to payments he’d received, and caused delays in releasing his money. Mr J is also unhappy his online banking was blocked which meant he had to withdraw his funds in cash.

## What happened

The details of this complaint are well known by both parties, so I won’t repeat them again here in detail. Instead, I’ll focus on setting out some of the key facts and on giving my reasons for my decision.

In early May 2023, Co-op had concerns with three payments that had been paid into Mr J’s account. Because of this Co-op blocked Mr J’s account. Mr J was on holiday at the time and called Co-op around five days after. On this call he explained the funds were payment from his co-tenant for past rental payments they had fallen behind with and Mr J had made on their behalf.

Co-op told Mr J it needed to see evidence of this before it was able to unblock his account. Mr J felt Co-op’s approach was heavy handed, and his explanation should’ve been enough given the transactions only amounted to around £3,625.

Co-op notified Mr J in June 2023 that it intended to close his account in two months’ time after which he would have no access to it. On 14 June 2023, Mr J emailed a copy of the joint tenancy agreement along with a letter from the estate agents to Co-op. It appears he then took this into branch the following day.

Mr J says he made three more visits to the branch to enquire about the review, and later to get his funds. Mr J says he also provided Co-op with a council tax bill addressed to him and the co-tenant in June 2023.

On 29 June 2023, Co-op informed Mr J its review has completed, and he could access his funds in branch. Mr J went into a Co-op branch about a day later but was uncomfortable with carrying so much cash. He says he didn’t have another account at that stage, couldn’t use his online banking as it was still restricted, and Co-op wouldn’t forward the funds to a third-party account of his nomination.

Mr J says he had no other viable option, so he withdrew the funds on 12 July 2023 in cash from branch. Mr J adds this caused him further distress and inconvenience as his new bank wanted to know why he was depositing so much cash.

Mr J complained to Co-op who didn’t resolve it to his satisfaction. Mr J referred his complaint to this service. One of our Investigator’s looked into it, and they recommended it wasn’t upheld. In summary, the key finding they made were:

- Co-op acted in line with its obligations when reviewing payments into Mr J’s account and blocking it whilst it did so

- Co-op has a duty to ensure payments are legitimate if it has any concerns. Its request for evidence related to the payments was reasonable
- Mr J provided evidence on 14 June 2023, over a month later from when the account was blocked. Co-op completed the review and said he could access his funds on 29 June 2023. It's understandable Mr J was unhappy with the time the review took, but he also took over a month to give Co-op the information it requested
- Mr J is unhappy Co-op could only give him cash. But as he didn't have another account, Co-op had no other option given the account was closed

Mr J didn't agree with what our Investigator said. In short, he made the following key points:

- He was on holiday in early May 2023, and once he'd given Co-op the information it wanted, it still took over a month to get his funds whilst making four trips to the branch
- He wasn't prepared to carry £3,625 cash when offered this option on 30 June 2023. Mr J wanted to transfer the funds to another account like his mother's. He tried to transfer the funds the day after he was told the account had been unblocked, but his online banking remained blocked
- Mr J sent in dated screenshots which show he was unable to access his Co-op online banking on 1, 3, and 11 July 2023
- He had to use his own money to cover the rent, and borrow from others whilst the account remained blocked causing him financial difficulty

Our Investigator said Mr J was only on holiday for a week. And this suggests getting his funds released sooner wasn't a priority given he'd provided Co-op with the information it requested a month later. Co-op got the information it requested on 14 June 2023 and made the funds available two weeks later – which was fair.

As there is no agreement, this complaint was passed to me to decide. I then sent both parties my provisional decision. For ease of reference, here is what I said:

#### Provisional decision

*"I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.*

*Having done so, I am planning on upholding this complaint in part. I'll explain why.*

*Financial businesses in the UK, like Co-op, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means Co-op needs to restrict, or in some cases go as far as closing, its customers' accounts.*

*I'd also add here that Co-op has obligations to ensure it is protecting itself and its customers from suffering financial harm. As part of these obligations, Co-op deemed the payments into Mr J's account as unusual enough to restrict the account and ask him for evidence to show his proof of entitlement.*

*Given the obligations Co-op must observe, I don't think it has done anything wrong here.*

*Mr J isn't happy his verbal explanation wasn't enough, and that Co-op asked for evidence. I can understand why Mr J feels his word should have been enough, but I'm satisfied Co-op asking evidence was diligent, and in line with its obligations. So I think Co-op acted fairly by asking for this and continuing to restrict the account.*

*Mr J sent Co-op the information it requested on 14 June 2023 by email. He later followed this up by taking this and other documents into a Co-op branch. Co-op has sent me screenshots from its internal systems which show this information was sufficient for its review.*

*Co-op informed Mr J on 29 June 2023 about this and that he could now access his funds. Co-op say it hasn't done anything wrong in taking as long as it did with its review. But I don't agree. It was clear Mr J needed the funds urgently given his numerous trips into branch and the difficulties he said he was facing.*

*I would have expected Co-op to have completed this within a week given the impact an account block could have. Nor do I think the information Mr J sent in was of a complex nature.*

*This brings me onto when and how the funds should reasonably have been made available to Mr J.*

*Mr J's account wasn't due to be closed until August 2023. And his review had successfully completed on 29 June 2023. Mr J has sent in screenshots that show his online banking was blocked in July 2023 – dates detailed above.*

*Mr J had successfully completed Co-op's review, so I would've expected him to have full use of his account including his online banking from that point onwards until it was closed in August 2023. Had this been the case, he would have been able to transfer the funds straight away to an account in the way he has explained.*

*So, to be clear, I think Co-op should have completed its review on 21 June 2023, after which Mr J should have been able to access his funds online and transfer them. Because Mr J has been deprived of his funds longer than he ought to have, Co-op should pay him 8% simple interest on the balance until Mr J was able to access them on 12 July 2023.*

*I'm also minded to agree this delay caused Mr J avoidable distress and inconvenience – especially as he's had to struggle financially for around three weeks more than he ought to have. After carefully weighing this up, I'm persuaded Co-op should pay Mr J £150 compensation. Fortunately Mr J was able to borrow from friends and family.*

*Lastly, Mr J isn't complaining about his account being closed. So this isn't something I need to consider in my decision"*

The deadline I set both parties to send me any further comments or evidence has now passed. Co-op say it has nothing further to add. Mr J has provided a detailed timeline of the events. He has also made the following key points:

- He took his ID into branch to verify who he was and where he lived and explained from whom he received the funds. This should have been sufficient and would've prevented him going into the branch further
- He went to the branch on four occasions
- He went in a further time with his co-tenant and explained everything again. But this

still didn't make a difference to the way Co-op handled the matter. They said it was being dealt with by the fraud department

- Co-op's actions made Mr J waste a lot of his time and energy needlessly

I will now decide this 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.

For the reasons in my provisional decision – as above – I have decided to part uphold this complaint in part.

I have considered the points Mr J has made in response to my provisional decision. I'm satisfied as I alluded to that Co-op didn't do anything wrong in asking for the information it did from Mr J. In doing so it was being diligent and acting in line with its obligations. So I think Co-op acted fairly by asking for this and continuing to restrict the account until it received what it needed.

I'd like to also assure Mr J that I had carefully weighed up the impact Co-op's action had on him by not acting on his information and its review in a timelier manner. Because of that, I said I was minded to award £150 compensation for the distress and inconvenience this caused him. And that Co-op should pay Mr J 8% simple interest from when it ought to have completed its review – 21 June 2023 – until he was able to access his funds on 12 July 2023 for being deprived of access to his funds.

After carefully weighing this up again, I'm satisfied this is fair compensation.

### **Putting things right**

To put things right, Co-op must:

- Pay Mr J £150 compensation for the distress and inconvenience he's suffered
- Pay Mr J 8% simple interest on the balance of his funds it held from 21 June 2023 until 12 July 2023\*

\* If Co-op considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr J how much it's taken off. It should also give Mr J a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I have decided to uphold this complaint in part. I now direct The Co-operative Bank Plc to put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 20 September 2024.

Ketan Nagla  
**Ombudsman**