

The complaint

Mr L complains that The Co-operative Bank plc won't refund to him the money that he paid for some flights.

What happened

Mr L was buying some flights online in April 2024. He entered his Co-op Bank credit card details to pay for them and he was asked to verify the payment. His attempts to enter the verification details weren't successful so he phoned Co-op Bank. Whilst waiting to speak to Co-op Bank he paid for the flights using a different credit card. When he got through to Co-op Bank he was told that the payment had been accepted by the merchant and that it was able to bypass the verification system.

Mr L asked for the payment to be cancelled but was told that it couldn't be. He complained to Co-op Bank and it said that, following its conversation with Mr L, it believed the complaint had been resolved. Mr L says that his complaint hadn't been resolved so he complained to this service and he says that he didn't use any of the flights that he'd paid for because of suspected fraudulent credit card activity.

His complaint was looked at by one of this service's investigators who, having considered everything, thought that it should be upheld in part. She said that Co-op Bank had given Mr L the correct information about how he would need to request a refund from the airline so she wasn't asking it to make a refund to him. But she said that Co-op Bank should pay Mr L £50 to recognise the confusion that was caused by the terms and conditions not being clear about when a payment would be authorised.

Co-op Bank has accepted the investigator's recommendation but Mr L has asked for his complaint to be considered by an ombudsman. He says that:

- when Co-op Bank said that his verification details hadn't been entered correctly, he considered that his transaction hadn't been authorised;
- he was told that information had been entered incorrectly, so it wasn't him who made the payment to the airline and his credit card account has been charged for a transaction which he didn't authorise;
- as a longstanding, trustworthy customer of Co-op Bank he expects his money to be safe and he believes that it has a moral obligation to reimburse him and to recoup the money from the airline; and
- he asked the airline to refund the payment and he's been charged twice for a flight that he was unable to take because of suspected fraudulent credit card activity.

He also asks whether it's possible for a transaction to be cancelled when Co-op Bank is told within the hour that an error has been made and if it's widely known that merchants can bypass verification systems.

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.

Mr L has described in detail what happened when he was buying flights in April 2024 and it's clear that he ended up booking and paying for the same flights twice. Co-op Bank says that not all transactions will go through the verification process and that the decision to verify a transaction can be led by the merchant. It says that the payment for the flights failed at 11:02 and 11:24 due to the verification information not being entered correctly or timing out and that a successful payment was made to the airline at 11:08 without being subjected to the verification process. It also says that the payment not requiring verification isn't something that it can control as it's a merchant led procedure and that it wasn't possible to reverse the transaction.

It's clear that Mr L wanted to make a payment to the airline and he provided the necessary information to authorise a payment – it was the verification information that he entered incorrectly – and the airline accepted his payment. Mr L could have checked his account to see if the payment had been successful before he used a different card to pay for the flights.

Mr L says that he contacted the airline and it offered to cancel one of the bookings. That would have been a fair and reasonable outcome to the situation in which Mr L had found himself because he'd then have paid for one set of flights, which is what he'd wanted. But he also says that, because of issues with his credit cards including the issues with the verification process, he was concerned that his cards may have been compromised so he asked for replacement credit cards. As he needed those cards for the trip that he was taking, he says that he had to cancel the flights and the airline wouldn't refund him for both sets of flights. Those were decisions taken by Mr L and I'm not persuaded that it would now be fair or reasonable for me to require Co-op Bank to refund to Mr L the payment that he made for the flights using his Co-op Bank credit card.

The investigator said that it was reasonable for Mr L to think that the payment wouldn't be authorised if the additional verification check wasn't successful so she thought that there was more that Co-op Bank could've done to explain that verification is an additional step and doesn't form part of its terms and conditions but is a process carried out by the card system. She said that Co-op Bank should recognise the confusion caused to Mr L and pay him £50 in recognition of the distress and inconvenience caused.

Co-op Bank has accepted that recommendation and I'm unable to say whether it's widely known that merchants can bypass verification systems. But I agree with the investigator that it would be fair and reasonable for Co-op Bank to pay £50 to Mr L to compensate him for the distress and inconvenience that he's been caused.

Putting things right

I find that it would be fair and reasonable in these circumstances for Co-op Bank to pay £50 to Mr L to compensate him for the distress and inconvenience that he's been caused. I'm not persuaded that it would be fair or reasonable for me to require it to pay him a higher amount of compensation, to refund to him the payment that he made for the flights using his Co-op Bank credit card or to take any other action in response to his complaint.

My final decision

My decision is that I uphold Mr L's complaint in part and I order The Co-operative Bank plc to pay him £50 to compensate him for the distress and inconvenience that he's been caused.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 16 October 2024.

Jarrold Hastings
Ombudsman