

## **The complaint**

Mr D complains that The Co-operative Bank Plc (The Co-op) unfairly restricted and later closed his accounts, and it won't return his funds.

## **What happened**

Around August last year, The Co-op restricted Mr D's accounts and later closed them following a two-month notice period. The bank asked Mr D to provide evidence of his entitlement to the funds in his accounts. The Co-op was only satisfied with some of the information Mr D provided, so it retained the remaining funds in his accounts of around £7,000 until satisfactory evidence is provided.

Unhappy with this, Mr D complained to The Co-op. The bank explained it acted in line with its process and decided to issue Mr D with notice that his accounts would be closed in December.

Following this, Mr D asked this service to independently review his complaint. Mr D says:

- The funds in question were legitimate transfers related to his business activities in Nigeria. He says he used his Co-op accounts to facilitate some of his business activities including wages, expenses and exploring business ventures in the UK. Mr D sent us various documents related to his businesses in Nigeria, including statements for the associated business accounts.
- The specific payments he's been asked about were payments for consultancy work and he recently sent us a bureau de change letter with further details about the transfer of the funds to the UK.
- The Co-op retaining his funds caused him significant distress and financial hardship, he experienced depression and his financial wellbeing was damaged. Mr D mentioned an impact to his credit file but later informed us that he avoided this because of support he received from family.
- He missed out on an investment opportunity because of The Co-op's actions.

As a resolution, Mr D wants The Co-op to explain why it restricted and closed his accounts. He also wants his accounts reinstated, access to his funds and compensation for the distress and inconvenience caused to him.

During our investigation, The Co-op acknowledged that Mr D had sent further information to prove his entitlement to the funds, but the bank had delayed its review – so it offered him £500 compensation to put things right.

Following Mr D's rejection of this offer, our investigator issued their outcome explaining that the bank had acted fairly in restricting and closing Mr D's accounts, and retaining his funds until satisfactory proof of entitlement is provided.

Mr D didn't agree and asked for a final decision. So the complaint has been passed to me to decide.

Since the complaint has been with me, The Co-op has advised that it now intends to release the remaining funds to Mr D. He'll need to get in touch with the bank to facilitate this.

### **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.

Having done so, I've decided not to uphold this complaint. I'll explain why.

Banks that operate in the UK (including The Co-op) are required to carry out specific actions to meet their legal and regulatory obligations. This includes the requirement for banks to complete ongoing monitoring of existing business relationships. And that sometimes results in banks deciding to restrict or - in some instances - close customer accounts.

The Co-op has provided me with information to show why it reviewed Mr D's accounts. Having considered this, I'm satisfied the bank acted in line with its regulatory obligations.

The Co-op is entitled to close an account. However, in doing so, it must ensure it complies with the terms and conditions of the account. The terms of the account say that The Co-op can close Mr D's accounts by giving him at least two months' notice. In certain circumstances, the bank can also close an account immediately.

The Co-op closed Mr D's accounts with two months' notice. Based on the information I've seen, I'm satisfied that The Co-op acted fairly and in line with its terms and conditions when doing so. I understand Mr D's concern, given he would like to know why The Co-op closed his accounts. But the bank is under no obligation to explain why it made this decision.

It's important that I point out that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for several reasons – for example, if it contains security information, or commercially sensitive information. Some of the information The Co-op has provided is information I consider should be kept confidential.

Mr D says the funds in question were payments he received in relation to his business activities in Nigeria. The Co-op reviewed all the information Mr D provided, including the additional information he sent to the bank earlier this year. However, the bank maintains its position that the evidence provided doesn't prove Mr D's entitlement to the funds and so it continued to retain the funds until satisfactory evidence is provided.

Having reviewed everything Mr D has sent to us, I'm also not persuaded that the evidence he sent is consistent with his explanation for why the funds were credited into his accounts. In particular, the evidence doesn't show why multiple entities were used by a bureau de change to send the funds to Mr D. Nor have I seen anything persuasive to show there was an agreement between the bureau de change and the third parties.

Therefore, I'm not satisfied Mr D has proved his entitlement to the funds, so I won't be asking the bank to do anything differently.

Although I can't see that The Co-op closed Mr D's accounts for this reason, Mr D is unhappy that the bank concluded he was using his accounts for business purposes. Mr D says this wasn't the case, as he was simply exploring potential business ventures and using his accounts to facilitate this. Mr D says The Co-op was made aware of his intentions and that he planned to open a business account in future.

I appreciate this point is important to Mr D, but I don't think I need to make a finding on this. I say this because the other information the bank has given us is enough for me to be satisfied it acted fairly in closing Mr D's accounts - and in withholding the funds whilst carrying out further due diligence.

I empathise with Mr D, given he says he experienced distress and inconvenience because of The Co-op's actions – some of which he was able to mitigate because he received support from his family. Mr D adds that he's experienced a loss because he couldn't expand his business ventures as planned. I understand that Mr D wants to be compensated because of this, but I can only consider asking The Co-op to do something to put things right (such as paying compensation) where I think it has acted unfairly.

In this instance, I think the bank acted fairly and within the requirements of its terms and legal obligations. Moreover, as our investigator rightly pointed out, Mr D hasn't sent us anything to support the financial detriment he says he experienced. So I don't find that a compensation award would be reasonable here.

I do note that there does seem to be some unreasonable delays on the bank's part. Following the restriction being added to Mr D's accounts in August 2023, The Co-op seems to have delayed its review for several months, until it decided to issue Mr D with notice that his accounts would be closed. The Co-op also recognised that it delayed its review of the additional information Mr D sent in February 2024 – the bank accepts that it failed to conduct its review for around six months. Since, the bank has decided to release the remaining funds to Mr D, something that I think it could've taken steps to determine sooner.

Although I think these delays were unreasonable, I'm satisfied there was minimal detriment caused to Mr D, given the additional evidence Mr D sent didn't change The Co-op's position on whether to return the funds back to him. So the result would've been the same, even if The Co-op had acted quicker.

Nevertheless, The Co-op did offer Mr D £500 compensation because of the delay. Mr D rejected this offer and I don't see fair cause to ask the bank to do anything more to put things right. Should Mr D wish to accept the compensation that's been offered, he should liaise directly with the bank.

In summary, I'm satisfied The Co-op acted fairly when it restricted and later closed Mr D's accounts. I'm also satisfied that the bank was fair to retain the funds that remained until it received enough evidence that Mr D is entitled to it.

### **My final decision**

For the reasons explained, I'm not upholding this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr D to accept or reject my decision before 3 January 2025.

Abdul Ali  
**Ombudsman**