

The complaint

Ms T complains that The Co-operative Bank Plc (“Co-op”) failed to cancel a £5,000 cheque payment and wrongly informed her it had done this. She says as a result she is out of pocket and wants to be compensated.

What happened

On 29 December 2023 Co-op’s fraud team called Ms T to confirm she had written a cheque for £5,000 which she did, and the same day the cheque was processed and the Co-op issued a bank statement which showed the £5,000 debiting her account.

Ms T says following a renegotiation with her builder she phoned Co-op on 30 December to see if the cheque could be stopped. Ms T was incorrectly told by Co-op’s adviser that it could block the cheque without realising it had already debited her account.

Co-op’s records show Ms T made a balance enquiry and withdrawal from an ATM on 3 January 2024 and that at this point the £5,000 was missing.

Following this Ms T made a further cheque payment of £3,400 to her builder on 4 January which her builder told her was rejected.

Ms T called Co-op about this on 7 January during the call Ms T was told incorrectly the initial cheque payment of £5,000 had been blocked and then later correctly told her it had actually been cashed. Following this the adviser arranged to send Ms T a new cheque book and clarified that the cheque for £3,400 was from an old cheque book which is probably why the cheque had been stopped. Ms T stated she wanted this payment to be made and so the payment of £3,400 was arranged over the phone to her builder.

The next day Ms T called Co-op again as the payment for £3,400 had been halted by its fraud team. After some discussion the payment was released.

On 22 January Ms T realised that the £5,000 had been debited and complained to Co-op about this.

Co-op agreed it had mis-informed Ms T about the cheque having been blocked and credited Ms T’s account with £30 compensation. Co-op advised any dispute Ms T had with her builder would need to be discussed with them. Ms T was dissatisfied with this and so brought her complaint to this service.

Following this Co-op offered additional compensation of £170 bringing the total compensation to £200 for the distress and inconvenience caused to Ms T.

Ms T was again dissatisfied with this. She wants Co-op to return the proceeds of the cheque for £5,000 and compensate her for distress and inconvenience caused.

One of our investigators looked into Ms T's concerns and thought that the £200 compensation was fair for Co-op's mistake as by the point Ms T called to stop the cheque it had already been cashed in and that she ought to have seen this when she checked her balance prior to making the second payment.

Ms T disagreed, she says she was told three times the cheque had been stopped and that she wouldn't have made the payment of £3,400 had it not been for this misinformation. Ms T has asked for an ombudsman's decision on the matter.

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.

My role is to look at the problems Ms T has experienced and see if Co-op has done anything wrong or treated her unfairly. If it has, I would seek – if possible - to put Ms T back in the position she would've been in if the mistakes hadn't happened. And I may award compensation that I think is fair and reasonable.

In this case Co-op has already accepted that it made a mistake in misinforming Ms T that the cheque for £5,000 had been stopped and unfortunately this wasn't the case and Ms T says she is now out of pocket having paid her builder twice.

But although I agree Co-op did make a mistake and misinformed Ms T about the status of her cheque, I'm not persuaded the outcome would've been any different had Co-op not made this mistake or that it was solely responsible for Ms T making the second payment of £3,400.

I say this as the £5,000 payment had already debited her account on 29 December and so it couldn't have been stopped anyway. Although I appreciate Ms T says had she understood this she wouldn't have written the second cheque for £3,400. But before Ms T wrote this cheque Co-op's records showed that Ms T made a balance enquiry and it had issued a bank statement showing the funds had cleared. Given the amount of money involved I would've thought it reasonable to expect for one to notice these funds were missing and raise this with the bank.

And then after this second cheque was stopped Ms T was given another opportunity when she called Co-op on 7 January to check her balance and understand what had been paid and what hadn't. I accept initially Ms T was given the incorrect information but having listened to the phone call after a long pause it was clarified that the £5,000 had debited her account.

The adviser says "...the £5,000 you were questioning was taken out on 29 December...". Ms T responds "it was taken out?" and the adviser again says "...this was taken by the builder on 29 December".

Ms T has it clarified that the £5,000 was not cancelled at which point the conversation moves on to the second cheque and the issuing of a new cheque book. Ms T then instructs the adviser to make the further payment of £3,400 which the adviser does after asking some security and fraud questions about the payment.

This payment was again flagged for a fraud check the following day and Ms T once again after answering some questions confirmed she wished to make the payment.

I also note that before bringing her complaint to this service Ms T initially told Co-op the two payments were for different building projects rather than her paying the builder for the same project twice. Furthermore, Ms T seemed unsure about whether the work had been completed by the builder and she hadn't approached the builder to have any overpayment of funds returned as Co-op had advised her.

So although I sympathise with Ms T - clearly something has gone wrong for her - I can't say this happened solely due to errors made on Co-op's part, as it appears to me the issues Ms T has is mainly due to a dispute with a third party. I don't think it would be fair to penalise Co-op for the actions and potential wrongdoing of a third party and so I don't think Co-op should be liable to return the proceeds of the £5,000 cheque.

But I do agree Ms T should be compensated for Co-op's error and I think that the £200 offered is fair in the circumstances given that the misinformation was corrected prior to Ms T going ahead with the second payment and I'm not persuaded Ms T's insistence on making the second payment was as a result of an error made solely by Co-op.

My understanding is that Co-op has already credited £30 of this to Ms T's account so I direct that it should now pay Ms T the £170 compensation outstanding if it hasn't already done so.

My final decision

For the reasons I've explained I've decided that the £200 compensation The Co-operative Bank Plc has already offered to settle Ms T's complaint is a fair and I direct it now pay the outstanding £170 compensation if it hasn't done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms T to accept or reject my decision before 9 December 2024.

Caroline Davies
Ombudsman