

## **The complaint**

Ms K complains that The Co-operative Bank Plc restricted her accounts after fraudulent transactions were identified on one of them. It then failed to keep her informed about its investigations and delayed lifting the restrictions.

## **What happened**

Ms K has a current and a student account with Co-op. In January 2024 she received a £12,000 payment into her current account. This was followed by several smaller payments from the account to a number of different payees, as well as some attempted payments which the bank was able to stop. Around half the money was removed to a suspense account.

Ms K said she knew nothing about the payments and that she had been an unwitting money mule – as had happened about a year previously. Co-op restricted both Ms K's accounts while it investigated.

Ms K contacted the bank on many occasions over the following months, but it was largely unable to tell her what was happening or when the account restrictions would be lifted.

Ms K referred the matter to this service around June 2024, at which time the accounts were still restricted. The bank lifted the restrictions in July 2024, almost exactly six months after they were put in place. Co-op acknowledged that it had not completed its investigations as quickly as it should have done and offered Ms K £300 in recognition of that. She did not accept that offer and asked that we continue to consider her complaint.

Our investigator noted that interest applied to the student account (which was overdrawn) had taken the account balance over its overdraft limit. So she recommended that, as well as paying Ms K £300 as it had offered to do, it reimburse interest as well. The bank agreed to that recommendation, but Ms K thought that it did not properly recognise the distress the bank's actions had caused her, or indeed the financial implications.

The investigator therefore reviewed matters and concluded that Ms K should receive more compensation than she had initially recommended – £450. Ms K said she did not think the increased figure was sufficient either and asked that an ombudsman review the case. In the meantime, Co-op refunded overdraft interest of around £300.

## **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.

I think it's important to note at the outset that there is no suggestion that Ms K was involved in any way in the fraudulent payments that passed through her account. I accept that she did not know the payer or any of the recipients of the funds.

Be that as it may, once the bank had identified that Ms K's account had apparently been used for fraudulent purposes, it needed to investigate what had happened, not least to satisfy itself that Ms K had not been involved and to ensure that any victims who had lost out were reimbursed as far as possible. It was not unreasonable of Co-op to place restrictions on the account while it carried out that investigation. Nor in my view was it unreasonable to restrict the student account at the same time.

However, the bank accepts that the restrictions were in place for longer than they should have been, and the reason for that was that it did not complete its investigations in a timely fashion. I have therefore considered carefully what level of compensation is appropriate in recognition of that. In response to the investigator's initial view, Ms K referred to the following issues which made things difficult for her or which were the result of the bank's actions:

- She lives in a location with very limited mobile phone coverage and very slow wi-fi speeds. She would therefore have to drive to a different location (at a financial cost to herself) to be able to contact the bank. She says she made around 70 phone calls.
- She suffers with her mental and physical health, and the bank's actions exacerbated her conditions.
- She had to put her studies on hold because of the impact of the bank's actions on her health and finances.

These matters are examples only and are not exhaustive. They are however supported by evidence (in the form of screenshots of Ms K's wi-fi speeds, doctor's notes and letters from her university). Ms K has explained in more detail the impact on her of the bank's actions, but, in keeping with this service's role as an informal dispute resolution service, I don't need to go into the same level of detail here.

Having considered all that Ms K has said, I agree with the investigator that an award of £450 is appropriate in this case. The bank is not of course responsible for matters such as Ms K's difficulty in getting a phone signal. But that background and other matters Ms K has mentioned do mean that its actions have a greater impact on her than they might on some other customers. And I must take those circumstances into account in deciding what's fair and reasonable.

I have also taken into account the fact that it was reasonable to restrict the accounts in the first place. It's likely that any restriction would have had a negative effect on Ms K. But that impact was multiplied because of the delays in completing the investigation and by the lack of meaningful communication about it.

### **Putting things right**

I note that the bank has already refunded interest in line with the investigator's recommendation, so I do not need to make a formal award requiring it to do so. I will however make a formal award in respect of the further £450, which I consider to be fair compensation in recognition of the distress and inconvenience to Ms K as a result of those delays and the communication failures.

**My final decision**

For these reasons, my final decision is that, to resolve Ms K's complaint in full, The Co-operative Bank Plc should pay her £450.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 10 February 2025.

Mike Ingram  
**Ombudsman**