

## The complaint

Mr S and Mr S complain that The Co-operative Bank Plc declined cheque payments they tried to make.

## What happened

On 7 October 2023 Mr S wrote a cheque from the business current account for £250,000 to pay a savings account with an interest rate of 6.2% with a business I'll refer to as N. Co-op says that when the cheque was processed it was picked up for additional checks due to concerns over fraud. Co-op says it tried to call Mr S on 12 October 2023 to check the payment he was trying to make was genuine but the call wasn't answered. As Co-op wasn't able to verify the cheque payment was genuine the payment was declined and funds weren't sent to N.

On 8 January 2024 Mr S wrote a cheque for £170,000 to a different business I'll refer to as E. Mr S has explained he was hoping to take advantage of an interest rate of 5.7% with E. The cheque was again picked up for additional checks by Co-op and a call was made to Mr S on 15 January 2024. During the call, the nature of the payment Mr S was attempting to make was discussed including whether he may've fallen victim to a scam. The call ended with Co-op confirming the cheque wouldn't be paid and requesting Mr S do some additional research to satisfy himself the investment was genuine. Co-op said that when Mr S was satisfied the investment was genuine he could write another cheque and submit it for payment.

On 30 January 2024 Mr S wrote another cheque to E for £170,000. Mr S spoke with Co-op on 2 February 2024 and discussed the payment he was trying to make. The call handler asked Mr S about the proposed cheque payment and ultimately agreed to process it and said the funds would be sent to E. But the case was later reviewed by a manager at Co-op who listened to the earlier call with Mr S. The manager took the decision to decline the cheque payment as they didn't feel Mr S was confident the investment was genuine. No one at Co-op called Mr S to notify him of its decision to decline the cheque payment, although a letter was sent on 6 February 2024 to confirm the situation.

Mr S went on to complain and Co-op issued a final response on 8 March 2024. Co-op said it had tried to contact Mr S on 12 October 2023 about the cheque issued for £250,000 to N but wasn't able to reach him. Co-op apologised that the £170,000 cheque had been declined despite Mr S' call on 2 February 2024 when he was told it would be approved. Co-op paid £50 to apologise for the inconvenience caused.

An investigator at this service looked at Mr S and Mr S' complaint. They weren't persuaded Co-op had made a mistake or treated them unfairly by declining to approve the cheques that had been issued. The investigator thought £50 fairly reflected the delay in notifying Mr S the cheque dated 30 January 2024 had been rejected and didn't ask it to increase the award or take any further action. Mr S asked to appeal and said they'd lost out on around £2,000 in interest due to the cheques not being paid as directed. As Mr S and Mr S asked to appeal, their complaint has been passed to me to make a decision.

## **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.

As this case involves three separate cheques that were rejected by Co-op I'll look at each in turn. The first cheque was dated 7 October 2023 and intended to pay N £250,000. Mr S has provided evidence of the interest rate he was hoping to get which was 6.2%. Whilst I understand the proposed payment didn't go through as Mr S planned, I'm satisfied Co-op had a legitimate reason to hold it for additional checks before proceeding. The amount involved was substantial and this was a new payee for the account. I've checked the business account's terms and conditions and can see it allows Co-op to hold or decline a cheque payment if it has concerns over fraud. So I'm satisfied Co-op was acting in line with the account terms at this point.

Co-op's provided a copy of its contact log that shows it attempted to call Mr S on 12 October 2023 but received no response. Ultimately, as Co-op wasn't able to confirm the payment was genuine, I'm satisfied it had reasonable grounds to reject the cheque for £250,000 and haven't been persuaded it acted unfairly.

Mr S tried to make another cheque payment on 8 January 2024, this time for £170,000 to a savings account provider – E. Again, this was a new payee for the business account and a large sum of money. The cheque was picked up for additional checks and Co-op spoke with Mr S. I've listened to this call and agree with Co-op's view that Mr S didn't appear to be confident about the details of the investment he wanted to make. I felt that declining the cheque payment and asking Mr S to carry out some additional research before deciding whether he wanted to proceed was a reasonable step for Co-op to make. Co-op confirmed that if Mr S still wanted to proceed he had the option to write a new cheque to E and forward it for payment, which is what he went on to do.

The second cheque for £170,000 was issued by Mr S on 30 January 2024 and presented to Co-op for payment. Again, the cheque was picked up for some further checks, and given the previous discussion I think that was reasonable. Co-op spoke with Mr S again on 2 February 2024. I've listened to this call. Mr S confirmed he thought the investment was genuine and no one at E had pressured him to make the payment. Mr S said he'd checked the FCA registration number for E and was satisfied it was a real business. But Mr S added he wasn't particularly confident when using a computer and asked the call handler to check the details for him again online. The call handler confirmed they would forward the payment to be authorised so I can understand why Mr S was left with the impression it had all been approved.

It's disappointing that after the manager reviewed the cheque payment a short time later and took the decision to reject it that no call was made to Mr S. But having listened to the call on 2 February 2024, I can understand why the cheque payment was later rejected. Whilst Mr S seemed happy overall to make the payment, I didn't feel he was confident in the details he provided or that a significant level of research had taken place. So whilst I agree the manager should've arranged for a call back to Mr S after the cheque was rejected, I haven't been persuaded Co-op made a mistake by doing so.

Whilst no call was made on 2 February 2024, Co-op did write to confirm the situation on 6 February 2024. And I can see Mr S went on to discuss the issue with Co-op and later made a complaint. Co-op paid Mr S and Mr S' business account £50 in recognition of the inconvenience caused by failing to call after the overall decision to decline the third cheque was reached. As noted above, I am unable to agree Co-op acted unfairly or made mistakes by rejecting the cheque payments Mr S tried to make. So I'm unable to agree that Co-op

should compensate Mr S and Mr S for the interest they've told us was missed. And whilst I agree there was a reasonably short delay in notifying Mr S of Co-op's decision, I'm satisfied that its payment of £50 in recognition of the inconvenience caused is fair in the circumstances. As I'm satisfied Co-op has already agreed a settlement that is fair and reasonable in all the circumstances, I'm not telling it to do anything else.

### **My final decision**

My decision is that The C-operative Bank Plc has already agreed a settlement that is fair and reasonable in all the circumstances.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S and Mr S to accept or reject my decision before 6 January 2025.

Marco Manente  
**Ombudsman**