

The complaint

Mr C is unhappy that The Co-operative Bank Plc released a payment that he'd asked to be cancelled.

What happened

Mr C had arranged to purchase a car from a third-party (whom I'll refer to as 'X'). Mr C travelled to X to pay for the car and to drive it home, and he instructed a bank transfer to X's account from his Co-op account for the requisite amount.

Mr C waited with X for the transferred money to appear in X's account, and when it didn't, he called Co-op to ask why. At that time, Co-op asked Mr C several security questions to verify and authorise the payment. Following this, Co-op's advisor saw that there was an IT issue which would cause the completion of the payment to be delayed.

Mr C wasn't happy that the payment would be delayed, and at that time he decided to not go ahead with the car purchase and asked Co-op to cancel the payment. Mr C was initially told by Co-op that it wasn't now possible to stop the payment, which would be received by X. But Co-op later changed their position and said that it had been possible to cancel the impending payment, and that the money would be back in Mr C's account the next day. Mr C then drove home without the car in question, having decided to not purchase it.

Later that evening, Mr C received a call from X advising that the money for the car had been received into his account. X then transferred the ownership of the car into Mr C's name and delivered the car to his address. Mr C wasn't happy about this as he no longer wanted the car, and he wasn't happy that Co-op had completed the payment to X after telling him that it would be cancelled. So, he raised a complaint.

Co-op responded to Mr C and apologised for incorrectly telling him that the payment could be cancelled, when in fact what they had initially told Mr C – that the payment couldn't be stopped at the time that Mr C had requested it – had been correct. Co-op also apologised to Mr C for not responding to his complaint in a timely manner, and they paid £250 to him in regard to both issues as compensation for any trouble or upset he'd incurred. Mr C wasn't satisfied with Co-op's response, so he referred his complaint to this service.

One of our investigators looked at this complaint. But they felt that they response that Co-op had issued to Mr C already represented a fair resolution to what had happened. Mr C disagreed, and so the matter was escalated to an ombudsman for a final 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.

Having done so, I'm satisfied that when Mr C asked Co-op to stop the payment to X, it was unfortunately too late for Co-op to do so. And I note that this is what Co-op first told Mr C when he asked them to cancel the payment.

I take this position because when Mr C first instructed the payment, he did so in good faith and with the intention to purchase the car. The payment was initially held by Co-op pending security checks that they needed to undertake with Mr C to verify and authorise the payment.

When Mr C called Co-op, he passed their security protocols so that the payment was verified and authorised. At that time, the payment was set to be released to X, and there was nothing after that time that Co-op could then do to prevent that payment being made.

Importantly, at the time the payment was set to be released, Mr C still wanted to make the payment and hadn't given any indication to Co-op that he no longer wanted to do so.

Unfortunately, after this time, it was recognised by Co-op that an IT issue would delay the completion of the payment. And it was after the IT issue had been explained to Mr C that he changed his mind about the payment and asked for it to be cancelled. However, as explained, at the point that Mr C changed his mind, it was no longer possible for Co-op to stop the payment completing. And to reiterate, this is what Co-op first told Mr C when he asked for the payment to be cancelled.

As such, I'm satisfied that the mistake that Co-op made here isn't that they allowed the payment to complete – because as explained, at the time Mr C changed his mind about the payment it was simply too late to cancel it – but instead is that Co-op incorrectly told Mr C that the payment could be cancelled.

This led to Mr C developing an inaccurate expectation that the payment could be cancelled, when in fact the opposite was correct. And this means that the outcome here – that the payment did complete and that X received the money – was always going to occur.

Because of this, I feel that any remorse that Mr C has about the purchase of the car is a civil matter between himself and X. And I'm satisfied that up to the time that the payment to X was irreversibly set to be released to X, that Mr C had intended to buy the car and hadn't given any indication to Co-op to the contrary.

But while I'm satisfied that Co-op didn't act unfairly by completing the payment that Mr C had instructed in good faith, I do feel that Co-op should compensate Mr C for the trouble and frustration that the false expectation he was given that the payment could be cancelled caused him.

To that end, I note that Co-op have apologised to Mr C for the incorrect information he was given, and also for not responding to his complaint in a timely manner, and that they have paid £250 compensation to Mr C for this. This feels fair to me, given that the compensation is for Co-op providing an incorrect expectation to Mr C and is not for Co-op conducting the transfer incorrectly.

In taking this position, I've considered the impact of the incorrect expectation that Mr C was given on him, as well as the general framework this service uses when assessing compensation amounts, details of which are on this service's website. And, having done so, I'm satisfied that £250 is fair compensation amount.

I realise this won't be the outcome that Mr C wants, but it follows that I won't be upholding this complaint or instructing Co-op to take any further action here. I hope that Mr C will understand, given what I've explained, why I've made the final decision that I have.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 15 January 2025.

Paul Cooper
Ombudsman