

## **The complaint**

Ms W complains The Co-operative Bank Plc unfairly closed her accounts immediately without notice.

## **What happened**

Ms W held business accounts and a personal account with The Co-op.

In early March 2024 The Co-op restricted Ms W's accounts, and informed her that the accounts were under review. Ms W contacted The Co-op multiple times regarding the status of her accounts and for an update on when the review would be complete. On 29 July 2024 The Co-op made the decision to close Ms W's accounts with immediate effect.

Ms W raised a formal complaint about the handling of her accounts explaining they had been restricted unfairly and The Co-op had failed to provide her with a clear update and explanation regarding its review. In its response to her concerns The Co-op awarded Ms W £25 in recognition of a call not being returned as agreed. It however maintained that it had restricted the accounts in line with the account terms and conditions and that it would inform Ms W when its review was complete.

Following the closure of Ms W's accounts, she referred the complaint to our service. In its submissions to our service The Co-op maintained it had closed Ms W's accounts fairly but offered Ms W £150 for the time taken to complete its review. An Investigator reviewed all the available evidence in light of Ms W's complaint and made the following findings:

- The Co-op isn't obliged to give Ms W reasoning behind its decision to close her accounts.
- The Co-op acted in line with terms and conditions of the account.
- We're unable to ask for her accounts to be reopened – The Co-op is able to decide who it offers services to.
- The £150 offer for service issues and the time taken to review Ms W's concerns is fair.

In response to the view Ms W explained that she was awaiting further details from another bank who I will refer to as S which had recorded a CIFAS marker against her name. The Investigator made further enquiries – specifically regarding the cheque Ms W deposited in December 2023 which had prompted The Co-op's review of her accounts.

Ms W confirmed that S had removed the CIFAS marker against her name, and she remained unhappy with The Co-op's actions and its decision to apply a CIFAS marker against her business name. The Investigator explained it had acted reasonably and it was fair for it to rely on the information S had provided to it as part of its review. Ms W asked for an ombudsman decision on her complaint.

Whilst the complaint was awaiting review by an ombudsman The Co-op reviewed its application of a CIFAS marker against Ms W and agreed to remove it based on S's change

in position. The Co-op maintained that at the time it closed Ms W's accounts and applied the marker it acted appropriately based on the available evidence.

Ms W asked for an ombudsman to review her remaining concerns – The Co-op closed her account without notice, with direct debits being missed, and it took weeks for her pension to be redirected.

### **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 appreciate Ms W was disappointed by the investigator's opinion. I'd like to reassure Ms W that I've considered the whole file and what's she's said. But I'll concentrate my comments on what I think is relevant. If I don't mention any specific point, it's not because I failed to take it on board and think about it, but because I don't think I need to comment on it to reach what I think is a fair and reasonable outcome. No discourtesy is intended by me in taking this approach.

I'll start by setting out some context for the review of Ms W's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. In Ms W's case I'm satisfied The Co-op was complying with these obligations when it reviewed Ms W's account.

I would add too that our rules allow us to receive evidence in confidence. We may treat evidence from banks as confidential for a number of reasons – for example, if it contains security information, or commercially sensitive information. Some of the information The Co-op has provided is information that we considered should be kept confidential. This means I haven't been able to share a lot of detail with Ms W, but I'd like to reassure her that I have considered everything that she's told us.

As Ms W is aware The Co-op's review was prompted by the deposit of a cheque by Ms W, which S had reported as being fraudulent. Ms W's account terms and conditions also allow The Co-op to block the account in specific circumstances. Given the information The Co-op had received I think its decision to block the account and ask Ms W for more details was appropriate. I understand Ms W's frustration with the block, and I don't doubt it would've had a detrimental impact on her. But I consider the block to be necessary to ensure The Co-op was able to comply with its regulatory requirements.

Whilst the account was blocked, I can see The Co-op was conducting its own internal review. During calls between The Co-op and Ms W further details were obtained regarding the issues she was having with S and the cheque. Blocking an account can have a serious impact on customers, so there is an expectation reviews are carried out promptly. In Ms W's case I think The Co-op could've expedited matters faster than it did – and The Co-op accepts this too. I can also see Ms W was in touch with The Co-op multiple times and her expectations around the timeframe for the review could've been managed more effectively. The Co-op has offered Ms W £150 for the impact these matters had on her, and I think this amount is fair and reflects The Co-op's shortcomings.

I understand Ms W thinks the compensation amount fails to sufficiently recognise the distress caused to her. Reaching an award for distress and inconvenience is seldom straightforward. The issues involved are subjective by their very nature and the impact on the consumer can be difficult to determine. Our awards are not intended to be punitive for

businesses. The primary purpose of our awards for distress and inconvenience are to recognise the impact on a consumer where there have been shortcomings. In Ms W's case I've considered the timeline of events and the underlying issues – and The Co-op was entitled to block the account and hasn't acted improperly by doing this. The block would inevitably cause Ms W a level of inconvenience, and although I agree The Co-op could've done better, I don't think this warrants further compensation than what has already been outlined.

The review of Ms W's accounts led to the ultimate decision to close the accounts immediately. I understand Ms W feels very strongly about this, and that the lack of notice had a detrimental impact upon her. But the terms and her accounts allow The Co-op to close accounts immediately in specific circumstances. The evidence I've seen shows that those specific requirements had been met in Ms W's case.

I must also highlight The Co-op is entitled to set their own policies and part of that will form their risk criteria. It is not in my remit to say what policies or risk appetite The Co-op should have in place. I can however, while considering the circumstances of individual complaints, decide whether I think customers have been treated fairly. As long as they reach their decisions fairly, it doesn't breach law or regulations and is in keeping with the terms and conditions of the account, then this service won't usually intervene. They shouldn't decline to continue to provide banking services without proper reason, for instance of unfair bias or unlawful discrimination. And they must treat new and existing customers fairly. Given its regulatory and legal obligations, I'm satisfied The Co-op's decision was made fairly.

As part of Ms W's complaint is the decision made by The Co-op to load a CIFAS marker against her business name. The Co-op has confirmed this has been removed, and I think this is appropriate given the further information provided by S. Ms W think the loading of the marker was unfair – but based on the evidence The Co-op held I think its actions at the time were reasonable and in keeping with its regulatory duties. I hope the removal of the marker goes some way in assuring Ms W that matters have been looked at carefully and the necessary remedial steps have been taken.

I know Ms W will be disappointed that I haven't awarded further compensation or directing The Co-op to reopen her accounts. But I hope my decision provides some clarity around why I won't be asking The Co-op to take any further action.

### **Putting things right**

The Co-operative Bank Plc should honour its offer of £150 to Ms W in recognition of its service failings when it blocked her account.

### **My final decision**

I uphold this complaint in part.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 7 May 2025.

Chandni Green  
**Ombudsman**