

## **The complaint**

Mr I complains The Co-operative Bank Plc (“Co-op”) blocked his account preventing him from transferring funds to an external ISA account.

Mr I says that Co-op’s actions have caused him to lose out on interest and tax breaks on his savings.

## **What happened**

The details of this complaint are well known by both parties, so I won’t repeat them again here. Instead, I’ll focus on giving my reasons for my 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 have decided to uphold this complaint in part. I’ll explain why.

Banks in the UK, like Co-op, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customers’ accounts.

Co-op has explained to this service why it blocked Mr I’s complaint in February 2024. Having carefully considered this I’m satisfied it was acting in line with its obligations. It was also acting in line with these obligations when it asked Mr I for more information about his account activity.

Co-op is under no obligation to provide a detailed explanation to Mr I for why it acted in this way.

While our Investigator looked into Mr I’s complaint, Co-op said it had caused undue delay in its review and by continuing to restrict the account and the funds in it. In August 2024, Co-op said it would pay Mr I £500 for the impact its actions have had on him. Mr I didn’t accept this. Co-op also said that Mr I’s account would be unrestricted, and he could access his funds.

Co-op later accepted it had made further error by not removing any barriers from Mr I’s account so that the funds could be transferred, it paid £50 into his account as compensation for the inconvenience this caused.

Having looked at the timeline of what Co-op did, I’m satisfied that it should have taken off the restrictions and provided Mr I with access to his account from 7 March 2024. At this point it appears Co-op had the information it needed which it later used to decide to remove the restrictions from account.

The question I’m therefore faced with is what fair redress is to resolve this complaint. Co-op have offered to pay Mr I £550 for the distress and inconvenience he has suffered and the

impact its failings have had on him. I note Co-op say £50 has already been paid to him. I don't think Co-op need to do anymore in relation to compensation for any distress and inconvenience caused.

Mr I has also been unfairly deprived of access to his funds. It's the approach of this service to award 8% simple annual interest for any period a consumer has been unfairly deprived of the use of their money. I note Mr I says he has lost out on a potential ISA tax break, but that is why I am awarding 8% simple interest here on the balance of his account.

### **Putting things right**

To put things right, Co-op must:

- Pay Mr I £500 compensation if it hasn't done so already.
- Pay Mr I further £50 compensation if it hasn't done so already.
- Pay Mr I 8% annual simple interest on the balance of his account until the day he was given access to his account in November 2024\*

\* If Co-op considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr I how much it's taken off. It should also give Mr I a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

### **My final decision**

For the reasons above, I have decided to uphold this complaint in part.  
The Co-operative Bank Plc must now put things right as directed above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr I to accept or reject my decision before 14 April 2025.

Ketan Nagla

**Ombudsman**