

## **The complaint**

Mr and Mrs B are unhappy that The Co-operative Bank Plc restricted their account and withheld their funds.

## **What happened**

Mr and Mrs B opened a joint account with Co-op on 28 February 2024. On 10 April 2024 it restricted the account and contacted Mr and Mrs B to ask more about the activity.

Mr and Mrs B had responded to Co-op's requests by 12 April 2024 and following its review, on 21 June 2024, Co-op made the decision to close the account. Mr and Mrs B contacted Co-op following the closure to find out when they could retrieve the funds in the account but Co-op didn't provide any further information until 23 October 2024 when the funds were returned to them.

Following the complaints referral to our service, Co-op looked at things again and acknowledged there had been delays with its review of the account. It offered £200 for the distress and inconvenience caused and agreed to pay 8% interest on the funds in the account from the date it was restricted until the date it was returned to Mr and Mrs B.

I issued my provisional decision in March 2025. I said that:

- Overall I felt the closure of the account was fair, but Mr and Mrs B should've been given notice of Co-op's intention to close the account which I didn't feel they had been given.
- I accepted that banks are entitled to make decisions about whether to do business or continue doing business with its customers. I also said that whether or not to continue providing an account to someone was a commercial decision Co-op was entitled to make.
- I accepted the terms and conditions of Mr and Mrs B's account allowed Co-op to close it in certain circumstances, however, based on the evidence provided I felt sufficient notice of its intention to close the account should've been given in this case. And whilst it may believe it gave notice of its intention to close the account, restrictions remained in place on the account throughout the review and closure period. So effectively, I said the account had been closed without notice.
- I thought Co-op was entitled to carry out a review of Mr and Mrs B's account in line with its legal and regulatory obligations which include its responsibility to protect people from financial harm and to prevent and detect financial crime. And having reviewed its reasons for the review in this case I was satisfied this was reasonable.
- I also thought Co-op did what I would've expected in requesting further information from Mr and Mrs B about their use of the account. However, upon receiving the

information requested it should've reviewed this within a reasonable timeframe – I said 10 working days was reasonable. It didn't review the information until around two months after it was received.

- Following this two month delay, Co-op decided to close Mr and Mrs B's account and then took a further four months to return their money to them. So in total, I thought Co-op delayed the return of Mr and Mrs B's money by around six months.
- Mr and Mrs B explained this delay had a significant impact on them. They had to borrow money from family in order to pay the annual utility bills that had fallen due and their monthly mortgage repayment. They both suffer with long term health conditions they've explained were worsened by the stress of this delay and not knowing when their money would be returned to them. They also made numerous attempts to contact Co-op to try and resolve the situation and whilst I understand why Co-op couldn't disclose exactly what was happening with its review and closure decision, Mr and Mrs B understandably found this lack of information worrying and frustrating.
- I felt Co-op should pay Mr and Mrs B £400 for the distress and inconvenience caused by the delay. I also felt it should pay 8% simple interest on the balance from 10 April 2024 – the date I think its review reasonably ought to have been completed – and 23 October 2024 when it was returned.

Co-op didn't respond to my provisional decision within the deadline provided. Mr and Mrs B didn't accept my findings. They felt the compensation award should be more than £1,500 given the significant impact over a prolonged period.

### **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 not persuaded to depart from the findings outlined in my provisional decision – summarised above.

I recognise Mr and Mrs B's strength of feeling in this case and I have considered what they've said very carefully. I accept this situation would've been distressing for them especially in light of the health conditions they've described and it can be difficult to agree on what amount might fairly compensate for this.

In line with our guidelines, I can see that this situation has caused them considerable distress, upset and worry and has caused a significant inconvenience that has required a lot of extra effort to sort out. I can also see that the impact of this has continued for several months. Based on our guidelines, the specific circumstances of this case, and my experience in dealing with this type of case, I'm satisfied the following compensation is appropriate here:

- Co-op should pay Mr and Mrs B £400 for the distress and inconvenience caused.
- Co-op should also pay 8% simple interest on the balance in the account from 10 April 2024 until 23 October 2024.

**My final decision**

I uphold this complaint and direct The Co-operative Bank Plc to pay the redress outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs B and Mr B to accept or reject my decision before 22 April 2025.

Faye Brownhill  
**Ombudsman**