

The complaint

Mr W complains that The Co-operative Bank Plc has declined to refund transactions that were made from his account.

What happened

Between August and October 2024, a number of transactions were made from Mr W's account. He says these transactions were not made by him, as he was in prison at the time.

In December 2024, Mr W contacted Co-op Bank to discuss his account, and discovered the transactions in dispute. Mr W said he'd been in prison when the transactions were made, and reported them to the fraud department and asked for a refund.

But the bank didn't believe it was liable for his loss, as it wasn't able to identify how someone other than Mr W would've been able to access his card and have knowledge of his Personal Identification Number (PIN).

Mr W raised a complaint. In response, the bank said:

- Mr W's fraud claim was declined because of insufficient information on how the card and PIN were accessed.
- Despite Mr W reporting his mother's carer as the person responsible for the transactions, the bank still did not have any credible evidence as to how his PIN was compromised.
- During Mr W's imprisonment, a fraud alert was confirmed as genuine. This would've been confirmed from the telephone number registered to his account.
- No bank errors have been made.

Unhappy with this response, Mr W referred his complaint to our service where it was considered by one of our investigators. But she didn't believe the bank was responsible for refunding Mr W, as she couldn't see how the transactions could've been made by a third party without the input of Mr W.

As no agreement could be reached, the complaint was passed to me to decide. I issued a provisional decision which said the following:

'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 that Co-op Bank has sufficiently evidenced that it can hold Mr W liable for the transactions in dispute.

The regulations relevant to this case say that generally speaking, a bank is entitled to hold a customer liable for authorised transactions, and the bank is liable for unauthorised ones. And I've taken that into account when deciding what is fair and reasonable in this case.

Having listened to numerous telephone call recordings between Mr W and Co-op Bank, as

well as the reasoning contained within its final response letter, it's clear that Co-op Bank believe the transactions were only possible due to involvement from Mr W. It questioned Mr W numerous times as to how someone other than him would've been aware of his PIN, and he consistently says he doesn't know, as he's never disclosed it to anyone before.

Mr W has explained that his debit card was kept within his mother's house when he was in prison. He says the key for the room where the card was located was kept with his mother, who has carers due to her health. He says he's since reported her carer to the Police and has accused this person of committing fraud against both him and his mother.

During all communications with Mr W as well as our service, Co-op Bank appears to have missed that the day before Mr W went to prison, a new PIN was issued and sent to his registered address. I understand that this registered address is where his mother lives, and where the carers visit.

I've listened to the call that Mr W had with Co-op Bank where the PIN was requested, and he called to explain that his card wasn't working and asked for help from the bank. The advisor was the one who suggested a new PIN was required, and this was ordered for Mr W there and then.

I put to Co-op Bank that this was the day before Mr W went to prison, and therefore it would've likely arrived at the property when he was no longer there to open the letter. Co-op Bank suggested that Mr W would've likely been aware he was going to prison the day the PIN was ordered – suggesting that he was involved in the disputed transactions somehow, and that this could've been pre-planned in an attempt to defraud the bank.

Whilst that's possible, it's also possible that his mother's carer was able to intercept the PIN letter, as well as obtain his card from his mother's address by using her keys to the room where his card was located.

Co-op Bank has told our service that during the course of the disputed transactions, the bank's security system flagged some of the activity as suspicious, and a text message was sent to Mr W's mobile telephone. It's sent me evidence of this message being sent. Mr W says he didn't have access to his mobile phone when he was in prison.

It's systems also show a call to its automated fraud line, where the card was unblocked and then used for future spending. I've looked at this evidence in detail, and I'm not satisfied that it shows Mr W's own mobile telephone was used to respond to the security alert. But rather that someone called the fraud department to remove the security block. If Co-op Bank has any other evidence to provide, I'd be happy to review this further.

But, as it stands, this case is very finely balanced, and I've thought very carefully about the evidence to decide what I think is most likely to have happened here. It's entirely possible that Mr W is being untruthful and is trying to de-fraud Co-op Bank by making a false fraud claim.

However, it's also possible, for the reasons I've outlined above, that Mr W's mother's carer intercepted his PIN and obtained his card and used them to carry out unauthorised transactions. Mr W has been consistent throughout his testimony that he didn't make these transactions, and I've seen evidence that he was in prison at the time they were made – so he couldn't have physically made them himself. I'm not persuaded that Co-op Bank's reasons for holding Mr W responsible sufficiently demonstrate that he authorised them – or authorised someone else to make them.

So taking all available evidence into account, I'm currently minded to require Co-op Bank to

refund the disputed transactions, along with 8% interest from the date they were made to the date of settlement.'

Responses to my provisional decision

Mr W didn't respond to my provisional decision.

Co-Op Bank did respond. It said it was disappointed with my provisional decision, and questioned the dates I'd referenced in relation to when Mr W returned to prison. It said it was of the belief that he'd returned to custody on 15 July 2024 rather than 12 July 2024, and therefore it continued to believe that Mr W was in receipt of the PIN reminder.

It also questioned why Mr W didn't feel it was necessary to inform the bank he was returning to prison, so it could block his card and protect his account.

However, it did agree to refund Mr W the disputed transactions in order to resolve this complaint.

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 Co-Op Bank's position here. I've considered its comments since I issued my provisional decision, and whilst I accept it's possible Mr W did receive the PIN reminder before returning to custody, I still do not feel Co-Op Bank has provided sufficient evidence to show it's entitled to hold Mr W liable for the disputed transactions that were made from his account. As such, I see no reason why I should depart from my provisional findings, and I'll be upholding this complaint.

Putting things right

It's my final decision that The Co-operative Bank Plc should:

- Refund the disputed transactions to Mr W's account.
- Pay 8% interest on this amount, from the date of the transactions to the date of settlement.*

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

My final decision

My final decision is that I uphold this complaint.

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

Lorna Wall
Ombudsman