

The complaint

Mr W, a director of P Limited, complains that The Co-operative Bank P.L.C. (Co-op) experienced an IT issue that locked his business account and then told him it was his fault.

What happened

On 21 June 2025 Mr W tried unsuccessfully to login to his Co-op business account to pay wages. He tried again but with the same outcome and a final attempt left his account locked. He had the same problem when he tried to use his banking phone app.

On 23 June 2025 Mr W said his call was eventually answered by Co-op after being cut off and his account was unlocked. He said he was told that he must have entered the wrong details but contested this and Co-op's call handler then acknowledged there had been a problem with their system on 21 June 2025.

Mr W felt this belated acknowledgement showed a dishonest intent from Co-op to reduce compensation and expectation for an out of hours resolution. He said it unacceptable that he had to spend 60 minutes of business time to get the issue sorted, with total time estimated at 3.5 hrs. Mr W said the problem had delayed wages transfer causing financial hardship.

Co-op apologised for the system error on 21 June 2025 and for saying that incorrect details were entered. Co-op said Mr W had called the personal banking line, extending the call time, and its business staff handled the query in a timely manner. Co-op said some of Mr W's calls on 22 and 23 June 2025 were disconnected because they were out of hours or he hung up.

Mr W wasn't happy with this response and referred his complaint to our service. Co-op told us it had reviewed his complaint and would like to offer £200 compensation. Mr W rejected this offer saying Co-op needed to be held accountable for its dishonesty in trying to put the blame on him and for causing much lost time on sorting things out.

Our investigator said as P Limited is a firm it cannot suffer distress and we can't punish or fine a business for a mistake or change the way it operates. He said Co-op offers business support in set hours which was closed at the time of the issue. He said it wouldn't have been feasible for Co-op to have provided additional support at short notice.

The investigator said Mr W initially called Co-op's personal account support and waited about eight minutes, and was then transferred, which was reasonable. He said P Limited's account was then unlocked very quickly. He said the call handler checked that Mr W was generating access codes correctly and that his user ID was correct. And invited Mr W to try logging on, although Mr W wasn't in a position to do so at that time.

The call handler said the account may have been locked due to incorrect details entered and repeated this when Mr W asked for confirmation. He then said there was an IT issue and this may be the cause. The investigator didn't think the call handler was malicious by saying the wrong details could have been entered, as this is the most likely reason for accounts to be locked. He said the call handler may not have been aware of the scope of the IT issue.

The investigator thought this caused no impact or financial damage to P Limited and noted that the salary payment wasn't made the account was unlocked and so didn't appear to be urgent. The investigator said Co-op's offer of £200 compensation is fair and reasonable.

Mr W wasn't happy with this outcome and requested an ombudsman review his complaint. He said Co-op needs to acknowledge its dishonesty and its failure to offer 24/7 access to digital services as per its service obligations. He agreed there was no malice from Co-op's call handler, but said he was deceitful as a known system failure was obviously the cause. He said he hadn't taken personal offence but had moved P Limited's account elsewhere, which wasted more time. He said he processed the wages payment when it suited him.

Mr W said the total impact of wasted business time was about four hours amounting to £260 at £65 per hour – *'the standard hourly rate my business charges for it's time/service'*.

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 sympathise with Mr W for the blockage in access to his firm's business account and his difficulties in reaching Co-op until two days later. His attempt to make a salary payment was held up, but he has acknowledged that he carries this out when it suits him, which is not necessarily at the first opportunity.

It is clear that the issue with account access arose from Co-op's system failure. Sadly, this isn't uncommon in the banking world and inevitably interrupts banks' commitments to provide 24/7 access to digital banking services.

Co-op has addressed this within the Terms and Conditions of the account, which state: *'9.1 The financial information we make available on online banking is for reference purposes only. We try to ensure it is accurate but we are not responsible for any loss you suffer if the financial information is not complete, accurate, up to date or available at any time'*.

Mr W was dissatisfied with the unavailability of customer service over the weekend despite known system issues. He said Co-op hadn't explained why it didn't fix the system when it crashed and why it failed to contact affected customers. The investigator pointed out that Co-op offers business support in set, published hours, and he said it wouldn't have been feasible for Co-op to have provided additional support at short notice.

However, I think Co-op should have handled the situation better – the digital outage lasted for almost all of 21 June 2025, starting several hours before its business support closed at mid-day. Mr W being unaware of this was locked out of his account and could have been given more accurate information and support.

Mr W thinks Co-op's call handler was deceitful in his response to questions about access to P Limited's account. I have listened to his call and can understand Mr W's frustration at the lack of account access. The call handler checked Mr W's log in credentials and said they are correct and invited him to log in. The call handler said the account may have been locked due to incorrect details. He then said there was an IT issue which may be the cause.

Mr W doesn't think the call handler was malicious and I would go further and say I don't think he was deceitful. I say this notwithstanding that Mr W was somewhat taken aback by the suggestion he may have caused the account to be locked, and that I think Co-op should have provided business customers (and quite possibly their own call handlers) more support. I agree with the investigator that the call handler may not have been aware of the scope of

the IT issue, but even so it would have been preferable for him to provide this as the first explanation of the locked account. I think the content and tenor of the call handler's communications appear to have intended helpful assistance to Mr W.

I've thought about the impact of Co-op's IT issues on P Limited and the impact of the time taken by Mr W to sort things out. He has said this took about four hours and he has moved P Limited's business account to another provider. He said this amounts to £260 at £65 per hour – *'the standard hourly rate my business charges for it's time/service'*. One month before this, Mr W told us, *'Total time estimated at 3.5hrs. My business rate is £45 per hour'*.

I can see from Co-op's records there were seven calls with Mr W on 22 and 23 June 2025 totalling about 48 minutes. Mr W's initial calls were not to Co-op's the business support and involved an 8 minutes 30 seconds wait. And some calls were disconnected and some ended by Mr W. Overall, I think the business time involved would have caused a fairly modest impact on P Limited, particularly as Mr W wasn't required to move the business account.

Our guidance on compensation awards states that an award between £100 and £300 would be appropriate, *'where there have been repeated small errors, or a larger single mistake, requiring a reasonable effort to sort out. Typically, the business's actions could have resulted in some acute stress lasting hours at the lower end – or a have had a milder impact across a few days, or even weeks'*.

Our investigator has correctly pointed out that the complaint is on behalf of P Limited which, of course is a firm and not a natural person, and so cannot experience stress and unhappiness. That is not to diminish these impacts caused to Mr W, just to point out that we cannot factor this into any award we might make.

In conclusion, I have said that Co-op could have provided additional support at short notice with the problems its business customers faced. But I have not seen sufficient impact on P Limited from what took place and the time expended by Mr W to decide that the offer of £200 compensation is inadequate. I recommend that Mr W accepts this offer for his firm as I consider it to be fair and reasonable in the circumstances.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask P to accept or reject my decision before 2 March 2026.

Andrew Fraser
Ombudsman