

## **The complaint**

Mr and Mrs E complain that THE CO-OPERATIVE BANK P.L.C. (Co-op Bank) misled them about the interest rate on their prospective investment as a result of which they had to go to a lot of trouble to transfer their funds out.

## **What happened**

In a meeting at the branch on 31 July, having been advised about the Co-op Bank's interest rates of 4.65% Mr and Mrs E wanted to consolidate their finances. They tell us they had meetings on 31 July, 2, 6 and 9 August 2024. In reliance on the interest rates they were quoted over that period they transferred a total of £56,976.80 into their select access joint savings account with Co-op Bank. This consisted of money transferred from other banks and from another account belonging to Mrs E. However on 9 August they were told that the rate was actually 4.18%. As they had transferred a proportion of the money from an account paying 4.5%, they set about transferring the money back.

Mr and Mrs E tell us that this meant they had to spend the afternoon rushing around from one bank to another in a blistering heatwave to get their money put into other accounts offering better rates. As they are elderly this caused them a lot of distress.

They then spent over two hours on the phone talking to Customer Service and another call of 45 minutes and felt that the service received was appalling and got them nowhere.

Co-op Bank issued a final response in December 2024. But it misunderstood the position, responding only concerning Mr E's ISA. It upheld the aspect of that complaint concerning the lengthy phone call and offered compensation in respect of the ISA. Whilst it's not part of this complaint, there was an element of compensation for distress and inconvenience which relates in part to the phone call, for just over £200 (£400 offered including £191.77 loss of interest on the savings).

On referral to the Financial Ombudsman Service, our Investigator proposed that, for this complaint Co-op Bank should pay £300 compensation. He didn't think loss of interest should be paid.

Co-op Bank accepted this. Mr and Mrs E didn't agree, as they believed we hadn't considered evidence particularly of phone calls. They further didn't see why they couldn't be compensated for loss of interest.

I issued a provisional decision. In it I said that Co-op Bank should pay £500 compensation.

Co-op Bank accepted this. Mr and Mrs E did not. Essentially, they feel that compensation of £750 would be reasonable. They also still don't understand why they shouldn't be paid loss of interest.

## **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.

The following were my provisional findings:

*“Where the evidence is incomplete or contradictory, as some of it is here, I have to make my decision based on what I think is most likely to have happened. But it may be that I can't make a finding and if this is the case I shall say so. I have a duty to be impartial so I have to assess both parties' evidence fairly.*

*I should start by explaining why I can't deal with the complaint about Mr or Mrs E's individually held ISAs in this decision. This is because the compensation is only awarded to the account holder. (Co-op Bank did do separate Final Response letters to Mr and to Mrs E). So if Mr and Mrs E wanted to accept compensation paid to them individually for the ISAs but not for the joint savings (or vice versa), they wouldn't be able to do that if the complaints were mixed in together.*

*Co-op Bank hasn't done a final response letter for this complaint. It appears Mr and Mrs E relied on Customer Service to make their complaint for them, but I don't have the information Co-op Bank relied on in its response which as I've said didn't deal with the joint complaint.*

*Also I think Co-op Bank persistently misunderstood the complaints which related both to Mr and Mrs E's individual ISAs and to their proposed joint investment. Its notes and its initial responses to us only addressed the ISAs. Co-op Bank has told us it has no notes of the meetings they had. But it does agree that in error it quoted the wrong interest rate. This admission though was only in respect of the ISAs.*

*The notes don't give any indication about what was discussed concerning Mr and Mrs E's intention to put all their savings with Co-op Bank. As I've noted, they clearly did transfer large sums into their joint select savings account. As they withdrew the money a few days later there doesn't appear to have been any discussion about how the money was to be invested. I think it likely though that they transferred the money because they were given the wrong information about interest rates. I think they believed, with good reason, that they were investing at the rate of 4.65%*

*In respect of phone calls, I've listened to three short recordings Mr and Mrs E have supplied. I confirm that Co-op Bank admitted to an error in supplying Mr and Mrs E with interest rates. Co-op Bank hasn't provided any recordings or notes including the two hour call with the Customer Service adviser. There was another 45 minute call which Co-op Bank didn't agree was unnecessary. This was on 21 August when Mr and Mrs E transferred out the remaining money in their account. So I think it likely that their options were considered at that stage. But again as Co-op Bank hasn't supplied a recording, nor a note of this, I'm inclined to think that this was part of discussing what to do with their remaining funds.*

*When Mr and Mrs E discovered the rate was in fact lower than they were getting, they set about getting the money transferred back to their other bank(s). They withdrew all the money in stages over the period 9 to 21 August. I understand that they were able to do this without penalty. However, as I've set out above this caused them a great deal of distress on the day they found out about the rate.*

*I'm unable to say for certain what happened when Mr and Mrs E chased up their complaint with banking staff. But I think it's likely that, the complaint being with Customer Service, the branch staff weren't able to help them. I accept this was frustrating.*

*I'm aware that Mr and Mrs E have been waiting for Co-op Bank to supply them with copies of correspondence with this service. My understanding is that Co-op Bank doesn't regard this*

*as being part of the DSAR (Data Subject Access Request) they had made to it. But we can provide that. We have sent them the statements. Our Investigator is separately arranging for the other documents to be sent to them.*

*So, I have to decide what the appropriate amount of compensation is. Bearing in mind that in respect of financial loss, we try to put the complainant in the financial position they would have been in if the error hadn't been made, I don't think there was any loss of interest. Mr and Mrs E were paid interest for the short time the bulk of their money was with Co-op Bank. And they didn't suffer any penalty reinvesting their money elsewhere. So I don't propose to award any interest in respect of this complaint.*

*I do think Mr and Mrs E should be paid compensation. As well as the problems caused on the day they were told about the interest rate, I think pursuing this complaint has been made very difficult for them. This includes Co-op misunderstanding their complaint and taking more than eight weeks to provide a final response. Mr and Mrs E made comments on that response to Co-op Bank, though I understand that Co-op Bank didn't respond to that as the complaint had already been lodged with us. Also the lack of evidence of important phone calls and branch visits has in my view aggravated the matter.*

*We say that an award of over £300 and up to around £750 might be fair where the impact of a business's mistake has caused considerable distress, upset and worry – and/or significant inconvenience and disruption that needs a lot of extra effort to sort out. With that in mind I think Co-op Bank should pay compensation of £500. I'm aware that it has offered compensation, but that relates solely to the complaint concerning the ISA, which will be separately considered."*

Mr and Mrs E have made further points after receiving the documents and correspondence between this service and Co-op Bank. I've considered everything they have said. Though my decision focuses on the issues at the heart of the complaint and key to my findings. I don't intend any discourtesy by this. It just reflects the informal nature of our service

I understand Mr E's point that he feels they deserve a higher award of compensation than I have proposed. I understand the distress they went through on the day and the difficulties they had afterwards in resolving their accounts. However I have taken account of the fact that the monies were removed from the account fairly quickly and though I understand the subsequent difficulties they had with the Co-op Bank over their complaint, I do think that the £500 figure is appropriate. I have borne in mind that they will also receive compensation in respect of Mr E's ISA. Although that is now a different matter, nevertheless it did arise out of the same error over the interest rate.

I won't make an award of interest. The intention is to put Mr and Mrs E, financially speaking, back in the same position as if the error wasn't made. So the 4.65% rate would never have been available. They weren't tied into investing with the Co-op Bank, and I understand suffered no further loss of interest.

So I remain persuaded by my provisional findings. Those findings are now final and form part of this final decision.

### **Putting things right**

Co-op Bank should pay £500 compensation.

### **My final decision**

I uphold the complaint and require THE CO-OPERATIVE BANK P.L.C. to provide the remedy

set out under “Putting things right” above.

Under the rules of the Financial Ombudsman Service, I’m required to ask Mr and Mrs E to accept or reject my decision before 24 March 2026.

Ray Lawley  
**Ombudsman**