

The complaint

Mr A has complained that The Co-operative Bank Plc ('The Co-op') blocked his account without providing a reason why. He wants his account reopened and for the funds that were in it to be returned to him.

What happened

In November 2022 Mr A called The Co-op in order to find out why some payments he had tried to make using his account hadn't gone through. They included a transfer to a gambling site and a transfer to another account of Mr A's. He was initially told that the payments would be released within a day or so but was later told that his account was under investigation by The Co-op's fraud team. The Co-op said the account was under investigation because there had been a lot of recent activity on it and so it needed to make sure that the payments Mr A was trying to make were not going to fraudsters. Mr A said that the payments were going to friends and that he was happy for them to go through and wasn't concerned about being scammed. He later told The Co-op that two individuals had transferred money into his account for him to place bets for and that he was a professional gambler. He said he was no longer in touch with those individuals.

Mr A got in touch with The Co-op a number of times to obtain an update but was told his account was still under investigation. He said no reason was provided for why the account had been blocked, not even after he visited one of its branches. He said he felt he was being treated like a criminal, he was unable to pay his bills or buy enough food and that the whole experience caused him great stress and anxiety.

The Co-op asked Mr A to provide further information with regards to the transfers he had received from the two individuals in November 2022 and specifically to show proof of where those funds had come from before he could withdraw his funds. Mr A was later able to provide a bank statement from one of those individuals, but The Co-op didn't consider this to be sufficient.

Mr A was unhappy with how the matter had been handled and complained on 16 December 2022 in branch. The account was ultimately closed on 21 December 2022 with immediate effect but the funds were not released to Mr A. The Co-op's final response said it believed the matter was resolved and referred Mr A to us.

Mr A told our investigator that a friend had asked if they could use Mr A's account to receive a payment from a gambling site. And that another friend was repaying money that they owed to him.

Our investigator ultimately didn't think the complaint should be upheld. He thought that The Co-op was acting within its legal and regulatory obligations and in line with its terms and conditions when it blocked and closed the account with immediate effect. And he also didn't think that Mr A had provided sufficient evidence for The Co-op to return his funds to him.

Mr A didn't agree and asked for an ombudsman's 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.

I'd like to start by saying that I appreciate that this has been a very difficult time for Mr A. And that I was very sorry to hear that the stress and anxiety he suffered negatively impacted his health. I do hope that this is no longer the case and that he is feeling better now.

It might be helpful if I start off by explaining that our service doesn't punish or fine businesses, and it's also not our place to say that a procedure the business follows is incorrect. Only the industry regulator, the Financial Conduct Authority (FCA), can do this. Businesses have legal and regulatory obligations they have to meet and they have processes in place in order to meet these obligations. They can broadly be summarised as a responsibility to protect persons from financial harm, and to prevent and detect financial crime. To comply with its obligations The Co-op may need to review an account and/or restrict its customers' access to accounts and funds held within them. So, our role in cases like this one, is to look at whether the business has followed its own internal procedures correctly, while also meeting its legal and regulatory obligations.

Mr A said that he wasn't provided with an explanation as to why the account was initially blocked but I think The Co-op was clear with him that it was concerned about certain transactions and about the amount of recent activity on his account. So I do think that information was provided. In any event, as I said above The Co-op can review and restrict an account in order to comply with its legal and regulatory obligations. It can do so at any time and it doesn't need to provide reasons why it has decided to do this.

In these circumstances, based on the information available to me, I think it was reasonable for The Co-op to block the account in order to carry out its investigations. As The Co-op explained to Mr A it was concerned about the volume of transactions and the amounts involved. Mr A has provided some evidence in support of the payments he received into his account which The Co-op didn't consider to be sufficient in order to release the funds to him. From what I have seen, I don't think this was unfair or unreasonable.

As I said above, The Co-op decided to close Mr A's account with immediate effect. Under its terms and conditions, The Co-op can close an account immediately under certain circumstances. Looking at the specific section of the terms and conditions and the evidence available to me; some of which was shared with us in confidence by The Co-op and which I therefore can't share with Mr A; I think The Co-op was acting in line with its terms and conditions when it closed the account with immediate effect. And I also think that its actions amounted to no more than a legitimate exercise of its commercial discretion. So I won't be interfering with its decision and asking it to reopen the account.

I appreciate that this has all been very frustrating for Mr A and that he'd like to have his money back. The balance on the account is over £3,000. The Co-op said it was still prepared to release those funds if Mr A was able to provide sufficient proof of the source of those funds. I think that it has explained to Mr A what it needs so I am satisfied that Mr A understands what he needs to do in order to comply with this request. In the circumstances I think The Co-op's actions are fair and reasonable.

My final decision

For the reasons above, I have decided not to uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or

reject my decision before 8 April 2024.

Anastasia Serdari
Ombudsman