

The complaint

Mr M has complained about the way that The Co-operative Bank Plc handled fraud on his account.

What happened

In December 2023, Mr M's account was taken over by fraudsters, who used it to receive and try to forward on the proceeds of fraud. The Co-op blocked the account and stopped the fraudsters before they could finish doing so, and none of Mr M's own money was taken.

In order to protect the account, The Co-op blocked it while they investigated. However, it took about four months for them to finish investigating and unblock the account. In the meantime, Mr M had to go into branch to access his funds, and he got his income paid to an account of his with a different bank instead. The branch staff were unable to give Mr M meaningful updates, and Mr M felt very worried. He sought medical support due to stress.

The Co-op apologised for their delay, and offered Mr M £600 compensation. Our Investigator considered this offer independently and thought it was a fair offer. Mr M felt it did not sufficiently compensate him, so the complaint's been passed to me to decide.

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.

First of all, I appreciate that Mr M was subjected to a substantial incident of fraud. I can see the fraudsters caused him a great deal of distress, for which he has my sympathy. It must have been most distressing to be targeted by fraudsters like this, and it cannot have been an easy time for Mr M, not least given his concurrent health issue. I'm grateful to Mr M for being open and candid with us about how this matter made him feel.

It's worth keeping in mind that it's the fraudsters who committed the fraud, and so it's the fraudsters who are primarily responsible for the fraud and the resulting stress. But in this complaint against The Co-op, I can only look at what The Co-op are responsible for. That's a key point here, because even if The Co-op had investigated more quickly, it still would have been highly distressing for Mr M to be targeted by criminals like this. In all likelihood, Mr M still would've faced anxiety about how he'd been pursued, his account would still need to be blocked for a reasonable length of time while The Co-op investigated and made sure it was secure, he would still likely have needed to go into branch, and he would still have needed to spend time talking to The Co-op.

The Co-op initially acted quite quickly to stop the fraudsters in their tracks. And they needed to block the account to protect both Mr M and the other victim of fraud whose money was being laundered through Mr M's account. I'm glad to see that Mr M didn't lose any of his own funds to the fraudsters thanks to The Co-op protecting his account.

Of course, it's not in dispute that The Co-op took too long to investigate things and didn't give Mr M sufficient updates. And it meant that Mr M was caused a good deal of stress and inconvenience in the meantime while his account was still blocked. In terms of financial losses, as mentioned before, none of Mr M's own money was taken. Mr M was still able to access his money – albeit in branch, which was much less convenient for him. His direct debits continued to go out. And he had another account he could use in the meantime, which lessened the impact of The Co-op's delay.

When a business gets things wrong, like taking too long to investigate, we often tell them to pay compensation, to acknowledge their error and the impact it had. In terms of the amounts, it's worth keeping in mind that we're an informal dispute resolution service. We're not the regulator, and we're not here to issue fines or to punish businesses. Further, our compensation awards are not generally based on people's salary or professional rates. The Co-op were not Mr M's customer and he wasn't providing a professional service to them – this was a personal matter of his. And perhaps more importantly, if we based personal compensation on professional rates, it could suggest that one person's time is intrinsically worth more or less than another's, which might not be fair or reflect the real impact of the error on the complainant.

Here, I can see that The Co-op's delay caused Mr M some considerable distress and worry, with some significant inconvenience over the course of a few months. So taking into account the impact The Co-op's error had on Mr M, along with the guidelines for compensation which I must be consistent with, I find that the £600 offered is fair to put things right here.

My final decision

For the reasons I've explained, I find that The Co-operative Bank Plc have made a fair offer to resolve this complaint. I direct them to pay Mr M the £600 compensation offered, if they've not done so already. I do not make any further award.

This final decision marks the end of our service's consideration of the case.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 2 October 2024.

Adam Charles
Ombudsman