

The complaint

Mr B complains Bank of Scotland plc (trading as “Halifax”) allowed him to spend over £10,000 on gambling transactions when he had a gambling freeze applied to his account.

What happened

Mr B has a number of accounts with Halifax including a basic account.

Mr B applied a gambling freeze to his basic account in July 2020. He’s told us that this helped him manage his gambling problem.

In September 2020 Mr B reported one of his cards as lost and stolen – he says it was taken by an ATM. Mr B says he ordered a new card over the phone. Halifax says he did so online.

In November 2020 Mr B called Halifax to get a transfer he wanted to make unblocked as it wouldn’t go through. Mr B explained to Halifax that he was transferring money back to his business account. Having done so, Halifax allowed the payment to go through. Mr B explained whilst he was on the call that he’d de-registered and re-registered his banking app because he had a gambling problem and de-registering the app meant he didn’t have access to the account. He then complained that he’d recently been able to deposit money on gambling sites, despite the fact that he had a gambling freeze on his card. The agent – who was in the fraud department – transferred Mr B to Halifax’s customer services department and they ultimately raised a complaint for him.

Halifax investigated Mr B’s complaint and said that the reason why his card no longer had a gambling freeze on it was because he’d reported it as lost and stolen and the freeze wasn’t transferred over to his replacement card in line with its terms and conditions. Mr B was unhappy and complained to us.

One of our investigators looked into Mr B’s complaint and said that they didn’t think Halifax had shown enough support or attention towards Mr B and his gambling problem. But as Mr B was spending his own money rather than money from a credit card, our investigator recommended that Halifax pay him an additional £200 in compensation. Mr B didn’t agree with our investigators’ conclusions saying that it doesn’t make sense that Halifax can re-apply the freeze if it’s sending out a replacement card except when a card has been reported lost or stolen. He asked for an ombudsman to look into his complaint, so that’s what I’ve done.

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.

Halifax offers its customers the option of applying a gambling freeze to their cards if they want to do so – such a freeze can help customers with a gambling problem manage their gambling problem. This is an option that many banks now offer – the way these freezes / blocks work vary from bank to bank. Halifax’s gambling freeze is applied to a specific card

rather than an account.

In this case, Mr B had two active cards – he applied the gambling freeze to one of them in July 2020 but not the other. The gambling freeze is reapplied automatically to any replacement cards that Halifax sends but not when a card has been reported lost or stolen. The terms and conditions that applied to Mr B's account at the time explained this, and that it was up to the customer to ask for a gambling freeze to be applied to a card sent out to replace a card that has been reported lost or stolen. Halifax has told us that Mr B reported one of his cards as lost and stolen in September 2020 and a replacement card was sent out to him. That replacement card didn't have a gambling freeze applied to it for the reasons I've just given – it would have done so had the card been replacing one that had expired.

The gambling transactions Mr B is complaining about didn't occur until November 2020. In the meantime, I can see that Mr B entered into a large number of gambling transactions in August and September 2020. He was able to do so because he'd only frozen one of his cards – he's told us that the freeze he placed on the card that he ultimately reported as lost and stolen worked. He doesn't appear to have gambled in October 2020, but his account was also overdrawn at the time which isn't from what I've seen normal for Mr B. He then started gambling again at the end of November 2020. In the circumstances, it doesn't look like the gambling freeze that Mr B asked Halifax to apply to one of his cards was stopping him from gambling as he gambled in August and September 2020 when the freeze was on. That's important.

Our investigator thought that Halifax didn't show enough support or attention towards Mr B and his gambling problem. I agree. I can also understand why Mr B feels it makes no sense that a gambling freeze will be automatically applied to a replacement card unless that card has been replaced because it's been reported as lost or stolen. In this case, I'm satisfied that Mr B didn't call Halifax to order his replacement card – had he done so that would have given the agent an opportunity to talk about the gambling freeze and check whether it should be applied to the replacement card. But the letter sending the card out could have made this clear too. I agree too that because of the volume of previous gambling transactions, Halifax might not have picked up the gambling that Mr B has complained about in November 2020. But I do think there's enough to say that Halifax didn't act fairly or reasonably in this case.

Putting things right

Mr B has gambled and lost a lot of money, and it's clear that this has caused him considerable distress. He had clearly taken some steps to manage his gambling problem, including applying a gambling freeze to one of his cards. Halifax has played a part in what's happened, and I agree with our investigator that for the part Halifax has played and for the distress it has caused as a result, compensation of £200 is fair and reasonable.

My final decision

My final decision is that I require Bank of Scotland plc to pay Mr B £200 in compensation in full and final settlement of his complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 21 March 2022.

Nicolas Atkinson
Ombudsman