

The complaint

Mr H complains that Bank of Scotland plc trading as Halifax blocked his account without an explanation. They also gave poor customer service. He would like considerable compensation.

What happened

Mr H had an account with Halifax.

Following a review Halifax blocked Mr H's account on 29 October 2020. Mr H was told he needed to go into branch in order to provide suitable ID so that his account could be reactivated.

Mr H has told us he was very unhappy with this suggestion because he felt vulnerable and stressed at having to go into branch at the height of the pandemic. In addition, branch opening times had been reduced which meant he was unable to go to branch as he worked during branch opening hours.

Mr H made many phone calls to Halifax and has said he was provided with poor customer service and no alternative apart from visiting branch which he felt unhappy to do.

Mr H complained to Halifax- they said they were entitled to review the account and ask for ID. They said they were not able to verify a customers' identity over the phone. Halifax accepted that they had provided poor customer service and offered £30 compensation plus £48 for call costs.

Mr H complained to our service. One of the investigators looked into the complaint. He said Halifax were entitled to review and block his account under their legal and regulatory obligations. He also said Halifax could close an account in line with their terms and conditions. He thought Halifax's offer of compensation was reasonable.

Mr H disagreed with the investigator's view. He said Halifax hadn't closed his account. He was unhappy that Halifax hadn't provided an alternative way to verify his identity. Once the account was unblocked Mr H wasn't able to find out what had prompted the review and block. He thought £30 was an unacceptable amount for the months of struggle he had gone through.

Mr H has since closed his account with Halifax and hasn't accepted the compensation they offered him.

As there was no agreement the matter has come 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.

I'll start by setting out some context for the review of Mr H's account. UK legislation places extensive obligations on regulated financial businesses. Financial institutions must establish the purpose and intended nature of transactions as well as the origin of funds, and there may be penalties if they don't. This applies to both new and existing relationships. These obligations override all other obligations. I am satisfied Halifax were complying with these obligations when they reviewed Mr H's account.

I can see that in blocking the account the bank was following an internal process which they carried out in order to comply with their legal and regulatory obligations. This was a legitimate exercise so I can't say Halifax was unfair.

Mr H wants an explanation why his account was blocked. Whilst Mr H may have expected to be given the reasons for the block, Halifax isn't required to give him a specific reason. So, I can't say Halifax has done anything wrong by not giving Mr H this information – as much as he'd like to know.

Mr H was unhappy Halifax asked him to attend branch in order to carry out necessary identification to unblock his account. He has told us he felt anxious and vulnerable at the idea of needing to go into branch. He also said branch opening times had been reduced and he worked during branch opening times making it logistically difficult to attend branch.

Mr H has said he had a long time when his account was blocked. He has told us he had numerous conversations with the customer services team about the block on the account. Halifax have offered to refund Mr H the costs of his phone calls in the sum of £48.

I can see that Halifax had fraud concerns which means they required Mr H to verify his identity. Halifax has said that despite Mr H's reservations about attending branch to unblock his account, they were not able to verify his identity in any other way and required him to go into branch.

In summary, I appreciate what Mr H has told us about difficulties with anxiety and I know Mr H would have preferred that Halifax offered him a way to have his ID checked without attending branch. However, I'm satisfied that Halifax had legitimate concerns that required Mr H to attend branch, so I don't think they were unfair in asking Mr H to attend branch with ID. It follows I won't be awarding any compensation for that aspect of the complaint.

The bank has acknowledged they could have provided better service to Mr H, they offered Mr H £30 in recognition of this plus £48 for the costs of his phone calls. The investigator agreed that staff could have provided a better service. The investigator thought the offer of £30 and £48 was fair in the circumstances. I have considered the offer and I agree it's a fair offer in the circumstances. And whilst I appreciate Mr H won't agree, I don't think it necessary for me to award any more.

Putting things right

I direct Halifax to pay Mr H £30 in consideration for the poor customer service and £48 for the costs of his phone calls.

My final decision

For the reasons mentioned above I uphold the complaint. I direct Bank of Scotland plc trading as Halifax to pay Mr H a total of £78 as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr H to accept or reject my decision before 13 July 2022.

Esperanza Fuentes
Ombudsman