

## **The complaint**

Mr S is unhappy that Bank of Scotland plc trading as Halifax (Halifax) removed funds from his account as a result of a fraud investigation and left blocks on his account for over a year.

Mr S's complaint was brought by a representative. As the account is held in Mr S's name, I'll refer to Mr S throughout the decision.

## **What happened**

In March 2021, Mr S received a payment of £700 into his Halifax account from a party I'll refer to as G. In July 2021, Halifax received a fraud claim from G's bank in relation to this payment. Halifax added a block to Mr S's account while they investigated the claim. As part of their investigation Halifax contacted Mr S and asked for information about the £700 payment including why he'd received the funds. Mr S told Halifax that the money was a gift from G and that he believed the fraud claim was false. Mr S shared information regarding personal circumstances and his relationship with G, which he believed was the reason the fraud claim was raised. Ultimately, Halifax removed the £700 from Mr S's account and returned it to G's bank.

Mr S raised a complaint with Halifax saying they shouldn't have debited his account, also complaining that the block they'd placed on his account hadn't been removed. Halifax told Mr S they had made the correct decision to return the funds to G's bank, so wouldn't be refunding him the £700. But they accepted that the online banking block should've been removed when the fraud investigation was completed in July 2021, however it remained on the account until May 2022 - in error. Halifax paid Mr S £50 in compensation as a result.

Mr S wasn't happy with Halifax's response, so he brought a complaint to our service.

An investigator looked into Mr S's complaint and upheld it. They felt Halifax had acted unfairly in taking the £700 from Mr S's account, so they recommended that Halifax return the money to Mr S. The investigator also felt the level of compensation paid by Halifax should be increased to £250.

Halifax agreed with the investigator's recommendation to both return the £700 and increase the compensation to £250.

Mr S though disagreed with the investigator's opinion, saying that due to the block being left on his account he was unable to enrol in a university course. Mr S doesn't feel £250 adequately addresses the level of distress he's experienced.

As the case couldn't be resolved, it was passed to me to review.

Having reviewed the case I noted that the investigator hadn't recommended that interest be paid on the £700 for the time it was out of Mr S's account. This is what we would usually recommend, so I contacted Halifax and asked if they would pay interest on the £700 refund at the applicable account interest rate, calculated from the date the funds left Mr S's account until the date the funds were returned. We haven't had a response from Halifax, so I've

proceeded to review the case in full as this recommendation is in line with our approach more broadly.

### **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.

#### *Should Halifax have taken the £700 from Mr S's account?*

From what I've seen Halifax received a fraud claim from G's bank. As a result, they placed a block on Mr S's account, which should've remained in place until they had completed their fraud investigation. However, Halifax accidentally left the block in place for nearly a year until May 2022. I'll address the impact of this block later in the decision.

Following Halifax's investigation, they returned the £700 to G's bank. I'm not satisfied that Halifax acted reasonably in returning the money, based on the information they were given by Mr S. Mr S had told them about a wider personal situation with G and why the fraud claim was false. Based on the information Halifax had, they should've identified that these funds were part of a civil dispute between the parties and not removed the money from Mr S's account.

As Halifax shouldn't have removed the funds, they should refund Mr S the £700 and pay interest at the applicable account interest rate from the date the funds were removed until the date they're returned.

#### *The impact Halifax's actions have had on Mr S*

Halifax have accepted they left the block on Mr S's account for nearly a year in error. However, I can't see that Mr S proactively contacted Halifax about the block or went into a branch to try and access the funds in his account.

Mr S says he didn't think he could raise the problem with the block while he had an active complaint and didn't know he could've accessed the funds by going into the branch. Mr S also says he was significantly impacted by this block as he was looking to enrol in a university course, but decided not to make that commitment until the block was removed due to not having access to his online banking.

However, if Mr S was as significantly impacted as he's told us, I would've expected him to contact Halifax about getting access to his account restored or let Halifax know sooner that the block was still in place. At the very least I would've expected Mr S to contact Halifax to see what options were open to him. I'm not satisfied that I can fairly say Halifax is solely responsible for Mr S's decision to delay his enrolment. As, from what I've seen, once Halifax were made aware that the block was still in place, they removed it. On that basis, I think if Mr S had raised the problem with Halifax sooner, they would've fixed it which may've changed the steps Mr S would've taken.

I realise that Mr S is likely to be disappointed, but after considering everything very carefully, I'm satisfied that the £250 recommended by the investigator is fair. This payment includes the £50 already paid by Halifax, so Halifax should pay Mr S an extra £200 compensation.

### **Putting things right**

To put things right Bank of Scotland plc trading as Halifax should:

- Refund Mr S the £700, if they haven't already done so.
- Pay interest on that refund at the applicable account interest rate, calculated from the date the funds left Mr S's account until the date they were returned.
- Pay Mr S an additional £200 in compensation (this is based on Halifax saying the £50 they originally offered has already been paid).

### **My final decision**

My final decision is that I uphold this complaint against Bank of Scotland plc trading as Halifax and require them to compensate Mr S as set out above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr S to accept or reject my decision before 12 December 2022.

Lisa Lowe  
**Ombudsman**