

## The complaint

Mr S is unhappy that Bank of Scotland plc trading as Halifax (Halifax) took money out of his account following a fraud investigation.

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

## What happened

In March 2021, Mr S received a credit into his account of £100 from a party I'll refer to as G. Then, in June 2021, Halifax received a fraud report from G's bank reclaiming the payment. As a result, Halifax placed a block on Mr S's account and carried out a fraud investigation. As part of their investigation they contacted Mr S and asked about the money paid into his account from G. 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. Halifax removed the block once the fraud investigation was complete and returned the £100 to G's bank.

Mr S contacted Halifax and raised a complaint, saying that the fraud claim from G was false and asking Halifax to return the £100. Mr S also raised concerns regarding the block that was placed on his account during the time the fraud investigation was being carried out.

Halifax looked into Mr S's complaint but declined to refund the £100. They told Mr S that in the case of a fraud claim, they place blocks until they have determined the outcome of the claim. They confirmed that the block on Mr S's account had been removed.

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 asked Halifax to refund the £100 to Mr S, saying the payment was clearly part of a civil dispute between the parties – therefore Halifax shouldn't have returned the money to G's bank. The investigator also recommended that Halifax pay Mr S £200 compensation for the distress caused by them removing the money.

Halifax agreed with the investigator's recommendation.

Mr S disagreed, saying that compensation wasn't adequate considering Halifax had accused him of fraud.

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

Having looked at the case, I couldn't see that the matter of an interest award on the £100 had been addressed by the investigator. I contacted Halifax and asked them if they would agree to pay interest on the £100 at the applicable account interest rate from the time the money left Mr S's account, until it was paid back in. Halifax agreed to this recommendation.

## **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 money out of Mr S's account*

When Halifax received the fraud claim from G's bank, they placed a block on Mr S's account while they carried out an investigation to ensure the funds would be available if they upheld the claim. This is the action I would've expected Halifax to take on receiving a fraud claim, so I can't say they acted unreasonably in placing it.

Halifax spoke to a representative for Mr S, due to his age, and were told that the money from G was a gift toward driving lessons. They were also told that G was a family friend and that there was a wider personal situation which suggested the fraud claim had been raised in response to difficulties in that relationship. Based on the information that Halifax had, I'm not satisfied that they acted reasonably in taking the funds out of Mr S's account and returning them to G's bank. I think the information they had suggested the funds were part of a civil dispute.

As Halifax shouldn't have removed the funds, they should return the funds to Mr S's account. They should also pay interest on that refund at the account interest rate, calculated from the date the funds left Mr S's account until they are returned – which Halifax has agreed to. Interest should be paid at the account interest rate, as there was a significant balance in the account and I think it's most likely the funds would've remained in the account if they hadn't been returned to G's bank.

### *The impact of Halifax's actions on Mr S*

Mr S feels that the £200 compensation recommended by the investigator isn't adequate for the level of distress he experienced. He's particularly highlighted how upsetting it was to be accused of fraud by Halifax.

Mr S's account had a significant balance before these funds were removed (in excess of £30,000). So, I'm not satisfied that being without the funds has significantly impacted Mr S. Also, I can't make an award against Halifax or hold them liable, for the distress caused by G raising a claim, or G's bank sending the claim to Halifax.

I understand that the accusation made by Halifax was distressing for Mr S and that he is likely to be disappointed. But, having carefully considered everything, I'm satisfied that £200 is a fair level of compensation in these circumstances.

## **Putting things right**

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

- Reimburse Mr S for the £100, if they haven't already done so.
- Pay interest on the £100 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 £200 compensation, if they haven't already done so.

### **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**