

## **The complaint**

Ms U complains Bank of Scotland plc trading as Halifax (Halifax) added her details to a fraud database and closed her accounts.

## **What happened**

Ms U paid in a cheque from her father, drawn on another bank, B. B told Halifax the cheque was fraudulent, and Halifax blocked Ms U's account.

Halifax asked Ms U to prove her entitlement to the money. Ms U explained the money was a gift, and said she'd look to get B to confirm this.

Ms U provided Halifax with a letter from B and a power of attorney document. But Halifax didn't think this was enough to show the payment was genuine. Halifax didn't receive anything further from B, so it returned some of the money to B and gave Ms U notice it was closing her accounts.

Halifax also added Ms U's details to a fraud database.

Ms U complained to Halifax, but it wouldn't agree to remove Ms U's details from the fraud database. Halifax said it had been told, by B, the cheque had been obtained fraudulently. Halifax said it hadn't seen any proof of entitlement but if B was to confirm the cheque wasn't obtained fraudulently Halifax would look to remove Ms U's details from the fraud database.

Halifax also said it didn't think it had provided any poor service to Ms U.

Ms U wasn't happy with this response, so she brought her complaint to this service. An adjudicator looked into things and thought Ms U's complaint should be upheld in part. The adjudicator thought Ms U's details should be removed from the fraud database, because it wasn't clear this was fraud, and more likely a safeguarding exercise by B.

The adjudicator thought B had been protecting its customer, Ms U's father, and hadn't fully explained this to Halifax. Halifax agreed to remove Ms U from the fraud database.

But the adjudicator didn't think Halifax had to reopen Ms U's accounts. The adjudicator thought, at the time, it was reasonable for Halifax to load Ms U's details to the fraud database. And, because of that, it was fair for Halifax to close Ms U's accounts, and the adjudicator couldn't force Halifax to reopen Ms U's closed accounts.

Ms U said Halifax had no right to deny her service, and she had every right to get her accounts back if she'd been proved innocent.

Ms U said she'd been left without a bank account and this had caused her lots of inconvenience. Ms U asked for an ombudsman to decide things.

## **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.

There's no dispute B told Halifax Ms U had obtained a cheque fraudulently. Halifax told Ms U this in the final response it sent, and I've seen the notes Halifax holds.

It's also clear B had concerns about Ms U's father's capacity at the point the cheque was issued. And it seems because of this it asked for the money to be returned.

I've seen a letter from B, as has Halifax, and it seems B was safeguarding Ms U's father's account and money. But this doesn't necessarily mean the money was obtained fraudulently.

Ms U has sent in some documents about a power of attorney pending at the time the cheque was paid in. But this power of attorney wasn't in place, and the cheque was signed by Ms U's father, not an attorney.

I don't think any of the power of attorney documents proved Ms U's entitlement to the cheque. I think it was fair for Halifax to want B to confirm it had no concerns with the cheque, and B didn't do that.

At the time Halifax added Ms U's details to the fraud database I think it could fairly rely on the message it had from B. And the message from B was Ms U had obtained the cheque fraudulently, so I think Halifax acted reasonably when it loaded Ms U to the fraud database.

But once at this service, the adjudicator was able to bring all the evidence together, what Ms U sent in, Halifax and B, and explain why it seemed unfair to keep Ms U's details on the fraud database.

The evidential bar for a fraud database loading is, rightly, high. Details remain on the database for six years and can have quite dramatic effects on someone's ability to access banking and lending.

Looking at all the evidence we have now, I think Halifax should remove Ms U's details from the fraud database. B was looking to protect its customer, but there's not, now, enough proof to say the cheque was fraudulently obtained.

But this doesn't change my thinking it was fair, at the time the cheque was paid in, to load Ms U to the fraud database.

B told Halifax Ms U had fraudulently obtained money, so I think Halifax was fair in closing the accounts. And Halifax gave Ms U appropriate notice of the account closures.

There's a legal right to a basic bank account, but this doesn't extend to current or saving accounts. Ms U wants Halifax to reopen her account, now it's agreed to remove her from the fraud database, but I don't think Halifax has to do this.

Halifax can choose who banks with it, and I won't be telling Halifax it must reopen Ms U's accounts. But Ms U is free to approach Halifax and see if it will offer new accounts to her.

Ms U has said she struggled to access banking whilst her details were on the fraud database. I don't think Halifax was wrong to load Ms U to the fraud database at the time it did. If other banks saw this record, and refused to open accounts, I don't think I can fairly

hold Halifax responsible for this.

And Ms U has said Halifax provided her with poor service. I've looked through the contact between Ms U and Halifax and can't see any examples of poor service.

It's clear Ms U disagreed with Halifax closing her accounts, and adding her details to a fraud database, but I don't think this, on its own, is poor service.

### **Putting things right**

Although I think Halifax was fair in loading Ms U's details to a fraud database, at the time it did, I think it's now fair to remove those details.

And although I understand being loaded to a fraud database will have a big impact on Ms U, because Halifax was fair to add it the details at the time I don't think it needs to compensate Ms U for any impact this loading had.

And I don't think Halifax has to reopen Ms U's accounts, but Ms U is free to ask Halifax if it'll consider opening accounts for her now.

### **My final decision**

My final decision is I uphold this complaint. Halifax should remove Ms U's details from any fraud databases it's added them to if it hasn't already done this.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms U to accept or reject my decision before 9 November 2022.

Chris Russ  
**Ombudsman**