

The complaint

Mrs C complains that Bank of Scotland plc trading as Halifax provided poor customer service when she tried to withdraw £5,000 in cash.

What happened

Mrs C says she telephoned Halifax to pre-arrange a cash withdrawal of £5,000 in her local branch. Unfortunately, she was unable to make the original time so telephoned again to re-arrange the withdrawal for the following day.

When she arrived at the branch, the staff would only allow a withdrawal of £2,500. Mrs C says she had all of the required documentation with her and she spent over an hour trying to withdraw the funds. Eventually the bank staff agreed to dispense £5,000 but told Mrs C she would have to wait another thirty minutes for the cash.

Following this, there was an issue with the card machine not working which caused further problems. Finally, Mrs C says she was asked a series of security questions about the cash withdrawal and eventually she left the branch without the cash. In addition to this, Halifax then placed a block on Mrs C's accounts, including her credit card account held with a separate legal entity under the Bank of Scotland umbrella.

Halifax issued a final response letter in which it explained Mrs C became abusive towards staff which caused issues, and that a cash withdrawal over £2,500 needs to be agreed 24 hours before a branch visit. When our service asked Halifax to provide their file for this case, they looked into the issues again and acknowledged Mrs C had made a request for a large withdrawal prior to her visit to the branch. And they accepted the branch staff were unaware of this on the day which likely added to the tension.

Our adjudicator looked into the case and felt Halifax had made an error when it did not inform the branch staff of Mrs C's large cash withdrawal request. In recognition of this, they recommended £50 compensation for the distress and inconvenience the issue caused.

Halifax agreed with the recommendation. Mrs C did not feel £50 was sufficient and she pointed out that she did answer all of the security questions posed to her on the day but was still denied the funds. She asked what more she could have done to stop the block as she had her identification, her bank card and knew her PIN. Despite this both her Halifax savings account and credit card with another provider were blocked. As a result, she felt Halifax should be reprimanded for more than £50. As an informal agreement could not be reached, the complaint has been passed to me for a final decision.

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.

Having done so, I think the £50 compensation is broadly in line with what I would have recommended in the circumstances. I'll explain why in more detail.

It is not in dispute that Halifax made an error when it did not inform the branch staff Mrs C intended to make a large withdrawal in branch. I need to decide what is reasonable compensation for the distress and inconvenience caused by this error.

It appears this caused delays in the cash being available. Partly because the branch staff were unaware of the request and Mrs C has said they had to collect the funds from the safe which has a thirty-minute delay when opened. I can understand why having to explain the situation to the bank staff and wait for the funds to be available would be an inconvenience for Mrs C. And having carefully considered this, I think the recommendation of £50 compensation is broadly in line with what I would have recommended in the circumstances.

I've gone on to consider the additional issues. Mrs C has said she left the branch without the funds as it had taken too long, but that she did answer all of the security questions asked of her. However, the branch notes from the visit in question say that Mrs C had become abusive when she was unable to withdraw £5,000 without an order being made or further checks. In this, it states Mrs C would not answer the fraud or scam questions other than to say the funds were for 'household', and she asked for the transaction to be cancelled before leaving.

It should be explained that when Mrs C makes an order to make a payment, such as a cash withdrawal, Halifax acts as Mrs C's agent in carrying out that instruction. Halifax has a duty to exercise reasonable skill and care in carrying out Mrs C's instructions. As a result, Halifax is under a duty to refrain from making a payment if it has reasonable grounds for believing, for example, that the instruction relates to fraud or any other criminal act. Given Halifax's obligations to protect its customers from potential fraud or scams, it can be expected to make reasonable enquiries including – but not limited to – the circumstances surrounding the payment instruction, in this case a large cash withdrawal.

On Mrs C's visit to branch, she was requesting to withdraw £5,000 in cash, which is a relatively unusual request. So, keeping in mind Halifax's duties as outlined above, I would expect it, as a matter of good practice, to take steps to ensure Mrs C had not been tricked or coerced into making the cash withdrawal. And I would expect it to ask reasonable questions to ensure this.

These are two different version of events and where there is a disagreement over what happened, I have to consider what I think is more likely. On balance, due to the branch staff being unaware of Mrs C's cash withdrawal request, I can understand how the situation could have become tense and communication made more difficult. Because of this, as well as the fact the branch notes were made on the same day as the incident, I think it's more likely Mrs C did not fully answer all of the security questions to satisfy the branch staff that there was no risk she was a victim of fraud or a scam. And it's possible this could have happened even though Mrs C feels she answered all of the questions posed to her, as sometimes additional questions need to be asked to be sure there is no risk of a scam occurring.

On balance, I don't think Halifax acted unreasonably when it asked Mrs C questions about what the funds were for, and it appears there was a breakdown in communication which led to Mrs C deciding to leave the branch without the funds.

And as Halifax could not be satisfied there was no risk of a fraud or scam occurring, they took the step to place a block on Mrs C's account until she contacted them. As this was in the interest of protecting her account, I don't think Halifax has made an error in the circumstances.

Mrs C has also discussed her credit card account that is run by a separate legal entity under the Bank of Scotland group. However, as this complaint is about Halifax, I have not

considered the credit account further as a part of this decision.

My final decision

Bank of Scotland plc trading as Halifax should now arrange to pay Mrs C £50 compensation in recognition of the distress and inconvenience caused to her if it has not done so already.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs C to accept or reject my decision before 5 July 2023.

Rebecca Norris

Ombudsman