

## **The complaint**

Mr O complains Bank of Scotland, trading as Halifax, blocked his account without warning or reason.

To put things right, Mr O wants Lloyds to compensate him for his loss, and the trouble and upset its caused. To keep things simple, I'll refer to Halifax in my decision.

## **What happened**

On 19 February 2021, Halifax blocked Mr O's account. Mr O contacted the customer service department and was told to go into his local branch with proof of identity. At branch he was told they couldn't help him. So Mr O called the customer service department again, and this time he was told to go to the head office, which took him around four hours to get to.

Mr O was told he was given the wrong information and the head office couldn't help him. This complaint point, about given erroneous information based on which Mr O travelled to the holding branch, has been dealt with in another complaint, under a separate reference number at this service.

Mr O says he had received funds from overseas for his own treatment, but the funds were mainly to pay for private medical treatment for his uncle who had travelled to the UK for this purpose. Mr O also says he's been unable to access his state pension paid on 1 March 2021 – which is his main source of personal income.

As a result of Halifax's actions, Mr O says he's been left without money to pay for food and bills. He adds that given his acute mental health, this matter has exacerbated both the distress and inconvenience he's suffered.

Around 8 March 2021, Mr O's account was unblocked, and he was given access to it. But it was blocked again by Halifax on 17 March 2021.

Mr O complained to Halifax. In its response, Halifax said it blocked Mr O's account again due to 'processing delays' and it couldn't give him any more information than that.

In mid-April, Halifax were made aware a court had issued a restraint order, which amongst other things, affected Mr O's Halifax account. Unhappy with Halifax's actions, Mr O referred his complaint to this service.

One of our Investigator's then looked into Mr O's complaint. In summary they found:

- The continuation of the block from April 2021 - when the restraint order was issued – is not being contested here. Halifax must comply with the terms of the court order
- They noted Mr O felt strongly about Halifax placing an account restriction some two months before a court order was issued. And Mr O had provided evidence from his solicitor, that a public body had confirmed it had not instigated any court orders around the time of the first two blocks

- But a bank has the right to review an account at any time, which will often involve a block being placed. No reason nor notice is required to be given by the bank
- It's understandable that Mr O questions why Halifax didn't make any enquiries, but a review process can be different based on the individual circumstances. The lack of enquiry doesn't mean no work was being done by Halifax
- Regrettably, Halifax hasn't provided full reasons for what happened with the first two blocks between February 2021 and April 2021. But unblocking the account didn't negatively affect Mr O's position. That's because Mr O didn't lose out by having access to his account – even if Halifax had done this in error
- It's likely Halifax was acting in line with its legal and regulatory obligations when it blocked Mr O's account. In reaching this conclusion, our Investigator was mindful the account was subsequently subject to a restraint order which prevented Mr O from disposing of any assets. Taken together, Halifax had not done anything wrong

Mr O did not agree with what our Investigator said. Some of the key points Mr O makes are:

- It's unfair to conclude the blocks applied before April 2021 were done so in line with legal and regulatory obligations placed on Halifax when it hasn't provided any explanation
- He was entitled to his money, and it was for Halifax to justify its actions and provide details as to why it blocked his account when there was no suspicious activity nor any wrongdoing
- Undue weight was placed on the restraint order - despite one not being in place when the first blocks were applied - to find Halifax did nothing wrong. The restraint order shouldn't have been a consideration. And considering it here, renders the outcome unsafe
- The presumption of innocence is a legal principle – a person accused of any crime is innocent until proven otherwise

As Mr O didn't agree with what our Investigator said, the complaint was passed to me to decide. I then sent both parties my provisional decision and set a deadline for them to respond.

#### *My provisional decision*

In my provisional decision I said I was planning to uphold Mr O's complaint in part. This is what I said:

*"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'm planning on upholding this complaint in part. Much of what I'm minded on deciding will no doubt disappoint Mr O – so I'll explain why.*

*Banks in the UK, like Halifax, are strictly regulated and must take certain actions in order to meet their legal and regulatory obligations. They are also required to carry out ongoing monitoring of an existing business relationship. That sometimes means banks need to restrict, or in some cases go as far as closing, customer's accounts.*

*The blocks applied on Mr O's accounts following the issuing of the court's restraint order are not contested here. So, it follows that the crux of Mr O's complaint relates to Halifax placing blocks on his account prior to that – in February 2021 and March 2021.*

*Halifax hasn't provided enough information for which I'd expect it to show this service when applying the blocks. So I can understand why Mr O feels so strongly that it acted improperly by applying those blocks. But given the severity of the restraint order, I can also see why it would have some meaningful bearing on whether Halifax acted fairly in applying the blocks it did prior to the order being issued. Even if this is retrospective.*

*Having said that, when presented with inconclusive or insufficient evidence, I can reach my decision on what I think is most likely to have happened – the balance of probabilities. Mr O has sent us an email chain between his appointed law firm and a highly placed public body. This is dated February 2021. It shows that his Halifax, and another account which he held with another bank, had simultaneously been frozen – and that the law firm had not received any freezing orders for this to be affected.*

*The legal representative then asks for confirmation if an order had been applied for from the public body. Later in March 2021, the public body confirm it has not served a restraint order.*

*Given Mr O's legal representative was aware of some form of investigation being carried out by a high-level public body relating to his client, I'm persuaded this is evidence enough to show Halifax most likely knew of reasons for it to have reasonable concern – and take the actions it did.*

*I note what Mr O says about the presumption of innocence, but I need to decide if Halifax acted fairly, reasonably and in line with obligations placed on it when blocking Mr O's access to his account. And, on balance, I think it most likely did, given the wider circumstances here. I've also taken into consideration the terms of the account when reaching this finding.*

*I recognise that Mr O thinks Halifax should have given him notice that it was going to review his account – but it's not obligated to – nor does it have to tell Mr O a reason, despite him wanting to know why it carried out the review.*

*I don't think it was helpful Halifax told Mr O his account was blocked due to a processing delay. That implies there was an issue with a system or something similar. However the blocks were to allow Halifax to carry out a review. What's relevant here, is Halifax's statutory obligations allow it to block customer's accounts while it reviews things.*

*Mr O was given access to his account momentarily between 8 March 2021 and 17 March 2021. This was to his benefit, even if it's possible Halifax shouldn't have done so. It meant Mr O was able to access his funds, including his pension. But I note he was deprived of accessing his pension for some nine days – which he says was his main income, and which he needed for critical medication for his acute mental health condition.*

*I've asked Mr O for more information about his treatment and medication, and whether he was able to otherwise obtain them during this nine-day block. This was to better inform me as to what fair compensation for any trouble and upset would be. But Mr O hasn't responded despite chasing him up on this.*

*As reasonable attempts have been made by this service to get this information, and based on the limited information I do have, I think Halifax should pay Mr O £200 for the trouble and upset it caused by not letting Mr O access his pension. In reaching this outcome, I've considered the impact this had on him given what I know about his mental health condition. Halifax should have made efforts for Mr O to access these funds, which ought to have been*

*ring-fenced from the funds it did have concerns about.*

*It's also unclear if Mr O had his pension paid to him into this account in April 2021. If it was, he would equally have been deprived access to legitimate funds likely required for his living costs and medication costs.*

*Mr O hasn't explained if his pension was paid into his Halifax account in April 2021, nor has he provided any evidence it was despite my request for more information. So I can't safely conclude he was deprived of these funds in April 2021 when Halifax reapplied the blocks before a restraining order was issued. That means, I don't have enough evidence to conclude Halifax did anything wrong and should compensate Mr O for any trouble and upset this may have caused.*

*Lastly, Mr O says Halifax's actions have been discriminatory. This is a serious allegation, and I have carefully considered it when looking into the information I have had from both parties. And having done that, I haven't seen any evidence this is what happened. I haven't seen that Mr O was treated any differently than another customer would've been treated in the same circumstances"*

Mr O did not agree with what I said in my provisional decision. In summary, he has either sent or said:

- A 'Certificate of Acquittal' from the courts that show no evidence was offered by the prosecution against him for charges made against him. This is dated November 2022
- A separate letter from the court shows the high-level public authority offered no evidence on the final charge(s) against Mr O - it refers to money laundering and acquiring criminal property
- As the court has confirmed his innocence, this explains why Halifax has not provided evidence to this service to apply the blocks on his account. As there is no evidence, it's clear Halifax acted unfairly, unreasonably, and irrationally
- Halifax's actions have led to his mental health worsening, and he is still very unwell and needs to frequent the hospital regularly for treatment
- The presumption of innocence is a legal principle that any person accused of any crime is considered innocent until proven guilty. Therefore his legal representative being aware of an investigation by a high-level public body isn't evidence enough to show Halifax most likely had reasonable concern
- Halifax not giving any evidence of why it had concerns is not enough – this is because it didn't have any evidence
- Mr O couldn't get medical treatment during the nine days the account was unblocked, as he was suffering the effects of the account being blocked. And when he did try and use funds to pay for medical treatment, the blocks were reapplied by Halifax

In its response, Halifax say it agrees with the findings in my provisional decision and will now look to award £200 compensation.

I will now decide this complaint.

**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've decided to uphold this complaint in part for the same reasons I set out in my provisional decision. I know this will disappoint Mr O, so I'll address his more recent points here.

I have inserted the findings I made in my provisional decision above, so to avoid repetition, I won't reiterate them here.

Mr O was acquitted of the charges brought against him in November 2022 - for what are clearly serious allegations. And the paperwork he's provided shows no evidence was submitted against him. So Mr O says that other than showing he was innocent all along, no evidence existed for Halifax to have taken the action of blocking his account in February 2021 till mid-April 2021.

I've carefully considered the point Mr O is making here. But for Halifax to have blocked his account from February until mid-April 2021 it had to have had legitimate concerns. Mr O was acquitted in 2022, so Halifax wouldn't have known that when applying the restrictions.

However, for the reasons I've previously given about his legal representative knowing of a high-level investigation by a public body, and Halifax most likely knowing about it too, I'm still persuaded on balance the blocks were applied fairly. The serious nature of the allegations Mr O has shared, only add further weight to this position.

In the circumstances of this complaint, I don't think Halifax needed to know if Mr O was innocent or guilty of criminal allegations against him to apply the account restrictions. It simply had to have had concern enough – and like I've said, I'm persuaded it did. Nor do I think no evidence being supplied by the prosecution means Halifax didn't have information enough to do what it did.

Mr O says that he couldn't access his funds when they were momentarily made available for nine days in March 2021 due to what Halifax's actions had done to his mental health condition. I can sympathise with this, but the account was none the less made available. And, I haven't seen compelling evidence Mr O was incapacitated, or affected, to the extent he couldn't access his funds by any medium.

Mr O hasn't still given me any evidence that he had his pension paid into his Halifax account in April 2021. So, I can't conclude that being deprived access to his account during this period caused him any detriment.

So as no other evidence has been given about the impact of Halifax not making some funds available to Mr O in February and March 2021, and for the same reasons in my provisional decision, I'm satisfied £200 is fair compensation for the distress and inconvenience Halifax caused.

### **My final decision**

For the reasons above, I've decided to uphold this complaint in part. I now direct Bank of Scotland plc to pay Mr O £200 compensation to put things right.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr O to accept or reject my decision before 22 March 2023.

Ketan Nagla  
**Ombudsman**