

The complaint

Mr M complains about Bank of Scotland plc, trading as Halifax UK, blocking his bank account as this caused him financial detriment.

What happened

I issued my provisional decision on 17 February 2023, and this is what I said:

I've considered the relevant information about this complaint.

Based on what I've seen so far, there will be a different outcome to what our investigator proposed.

Before I issue my final decision, I wanted to give everyone a chance to reply.

I'll look at any more comments and evidence that I get by 17 March 2023. But unless the information changes my mind, my final decision is likely to be along the following lines.

The complaint

Mr M complains about Bank of Scotland plc, trading as Halifax UK, blocking his bank account as this caused him financial detriment.

What happened

Mr M was making a regular purchase of goods via Halifax's on-line system and due to the seller changing bank accounts it was necessary for him to set up new transfer details. However, upon doing so he was requested to phone Halifax's fraud team.

Mr M says that when he called the number and spoke to a representative, he found him extremely unhelpful and awkward which led to his transaction being blocked.

When placing the block, the representative told Mr M he would need to visit a branch. Mr M subsequently found out that the block applied to all on-line transactions.

Mr M explains this caused him considerable inconvenience. Also, financial detriment as by the time he made the purchase it was £165 more expensive.

So, Mr M complained to Halifax who explained the reasons for their procedures, recognised that they may cause inconvenience but said they were acting in his best interests.

Mr M brought his complaint to our service; however, our investigator didn't think Halifax needed to take further action. This is because she thought their actions were in line with the terms and conditions of the account and they were acting to protect Mr M's funds.

As Mr M remain dissatisfied this case has now been referred to me to look at.

What I've provisionally 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.

I first considered Halifax's action in diverting Mr M's transaction to the fraud team and I found this fair and reasonable.

Although Mr M says this was a regular payment, the payee account information was different, and banks' systems are set up to detect and reduce fraud. And, having looked at Halifax's terms and conditions, I'm satisfied that they were entitled to undertake the security checks.

Unfortunately checks like these will often be inconvenient for customers, but that doesn't mean that Halifax is wrong to carry them out. Halifax have responsibilities and a duty of care to protect customers' money. Also, having previously used a merchant doesn't mean that a fraudulent payment isn't taking place.

I listened to Mr M's call with Halifax to consider if the representative was unhelpful, deliberately awkward, and wrong to put a block on the transaction.

I think the standard of service provided by the representative should've been better and he could've been more helpful. I say this because Mr M didn't understand the requirement for him to speak to the fraud operations team and, although it appears to be a team covering the banking group, I thought it was reasonable for Mr M to have expected the representative to have some knowledge of why he was calling.

I found the call got off to a tense start as Mr M didn't understand the necessity of the call and neither did the representative. The representative didn't have any opening lines and only explained his role when Mr M questioned him. And, I think this, coupled with his matter-of-fact tone caused Mr M to become uncomfortable and frustrated over the process and amount of time it was taking to complete what he originally thought was going to be a straightforward transaction.

Also, when the representative placed the block on the account, he didn't explain this would impact other transactions. In addition, when concluding the call which would obviously cause Mr M inconvenience, I found the way he terminated the call to be both unnecessary and likely to cause further upset.

I didn't though think the representative was being deliberately awkward or was wrong to put the block on the transaction, but I can understand why Mr M thought this. I found the representative was trying to do his job in a no-nonsense way, which was to ask questions to protect Mr M's account and gain satisfactory answers.

Halifax were entitled to understand more about the payment being made and although I understand Mr M didn't feel comfortable answering the question about what he was purchasing I think it was a reasonable question for the representative to ask. Unfortunately, an incorrect and unconstructive answer didn't satisfy the fraud check and alleviate a fraud risk, so I can't say that the representative made an error here or that Halifax were wrong to temporarily stop Mr M using their online services.

Regarding Mr M's concerns about Halifax's blocking process and inconsistent messaging about how to unblock an account, I'm unable to look into this as our service does not regulate business processes, procedures and policies.

So, considering all the above, although I can't see any evidence that Halifax made a procedural error here, I'm partially upholding this complaint as I think their call handling standard of service should've been better, and I require Halifax to pay Mr M £50 compensation.

My provisional decision

For the reasons I've given above, it's my provisional decision to partially uphold this complaint.

I require Bank of Scotland plc, trading as Halifax UK, to pay Mr M £50 compensation. I'll look at anything else anyone wants to give me – so long as I get it before 17 March 2023. Unless that information changes my mind, my final decision is likely to be as I've set out above.

Both parties responded prior to the deadline.

Halifax endorsed the amount of compensation.

Mr M thinks the compensation is insufficient for his financial loss and the distress, time and inconvenience caused. Mr M made a number of points including the following:

- A satisfactory outcome would be “equal to a. the amount that I was disadvantaged by, being £165, plus b. the amount indicated on the ombudsman's provisional letter, being £50. This is a total of £215.”
- Mr M feels Halifax haven't recognised they made an error or offered any explanation as to why they acted in the way they did
- As a matter of principal, Mr M considers it to be his decision alone as to “what my banking funds are buying, and the Halifax has no reason to ask me this, unless their decision to authorise the transaction has some bearing on the response I give.”
- The only reason for pulling the transaction was to check that the person I was paying was genuine, which they were.
- Mr M later completed a transaction to the same seller and the Halifax representative authorised the transaction
- Mr M feels Halifax acted dishonestly and tried to cause him as much inconvenience as possible by stating the release of the block could only be completed in person by visiting a branch

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.

Thinking about everything again and, in light of Mr M's comments, I considered whether further compensation is warranted.

I still can't see that Halifax made an error here or didn't offer an explanation. Whilst a bank has a contractual duty to execute a valid and proper order to carry out its customer's instruction, it also has a duty to exercise reasonable skill and care in carrying out their instructions. Given the bank's obligations to protect its customers from potential fraud or scams, it might also be expected to make reasonable enquiries and refrain from making a payment if it has reasonable grounds for believing, for example, that there is scam or attempt to misappropriate the money.

In this case, Mr M's transaction was automatically flagged to check if the payment was genuine and although I think Halifax's representative should've handled the call better, I'm satisfied that the questions he asked were reasonable with the intention of protecting Mr M's account and alleviate any threat of a fraud.

Although I fully understand Mr M's frustration, I found that he resisted giving answers to the fraud and verification questions that he was asked and additionally gave an unsatisfactory

answer. This meant that Mr M didn't satisfy the checks and I think it was reasonable of the representative to consider whether there could be a social engineering scam or fraud risk. So, I'm satisfied that rather than being punitive, the representative's action to block Mr M's account, was following a process designed to protect Mr M and his funds.

I appreciate Mr M doesn't see it this way and feels the blocking action was intended to cause him the maximum inconvenience, however for the reasons mentioned above I'm not persuaded that this was the case.

I also understand Mr M's concerns about the unblocking process and inconsistent messaging, however as stated in my provisional decision our service isn't the regulator of business processes, procedures or policies. Also, Halifax are entitled to exercise discretion, and I can't see that they've acted dishonestly here.

So, having considered everything again, I can't see any evidence that Halifax made a procedural error here. But, as I think their call handling standard of service should've been better, I'm still partially upholding this complaint and I require Halifax to pay Mr M £50 compensation.

My final decision

For the reasons I've given above and in my provisional decision, it's my final decision to partially uphold this complaint and I require Bank of Scotland plc, trading as Halifax UK, to pay Mr M £50 compensation.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 7 April 2023.

Paul Douglas
Ombudsman