

The complaint

Mr A complains Bank of Scotland plc trading as Halifax (Halifax) unfairly blocked a transaction on his bank account.

What happened

Mr A says he had been regularly making transactions to a crypto currency platform using his Halifax bank account, but unexpectedly in mid-July 2023 Halifax blocked a transaction to that same business. Mr A says he immediately contacted Halifax to resolve the issue and during the phone conversation it agreed to offer him compensation of £50 for the inconvenience and £12 for his telephone costs.

Mr A says he went ahead and lodged a formal complaint, but not only did Halifax dismiss his complaint, it refused to honour the compensation payment it had previously agreed to.

Mr A says Halifax's actions by blocking the payment has resulted in him losing out on a trade which has cost him £200. Additionally, Mr A feels Halifax haven't provided any explanation why this particular transaction, with a business he has dealt with before, was blocked and therefore it hasn't been consistent with its approach here.

Mr A says Halifax's actions have caused him stress, inconvenience and along with the financial loss he has suffered, it has also affected his confidence to carry out similar trades in the future. Mr A says Halifax should, in addition to honouring the initial offer of compensation it made, also pay him an additional amount of compensation for the issues he has faced.

Halifax says Mr A refused to accept the initial offer to close the complaint and on review felt it hadn't made any errors when blocking the payment, so it didn't feel any compensation was due. Halifax says it has a duty of care to safeguard its customers bank accounts and protect them from fraudulent transactions. Halifax says this particular payment was flagged as suspicious and it needed to carry out its usual checks and ask additional questions of the customer as it was concerned Mr A's bank account had been compromised.

Halifax feels it has acted correctly and in accordance with its internal policies.

Mr A wasn't happy with Halifax's response and referred the matter to this service.

The investigator looked at all the available information but didn't uphold the complaint. The investigator felt Halifax had legitimately blocked the transaction due to security concerns.

The investigator says while Mr A had made previous payments to the same business, these were for smaller sums, and it wasn't unreasonable for this larger payment to be flagged. The investigator says even though Mr A had made transactions to the same business before it wouldn't mean Halifax couldn't consider future transactions for additional security checks. The investigator says the issue regarding the withdrawal of the offer of compensation wasn't something he could consider, as complaint handling isn't a regulated activity.

Mr A didn't agree with the investigator's view and asked for the matter to be referred to an

ombudsman 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 won't be upholding this complaint and I will explain how I have come to my decision.

I can understand it would have been frustrating for Mr A to have a payment to a business he had transacted with before, blocked for security checks and experience the issues he faced as a result.

Mr A has provided this service with comprehensive details of his complaint and while that has proved helpful, I won't be commenting on every point he has made as I don't feel it's necessary in order to come to a full and impartial decision here. That's not to say I haven't considered everything he's said – I have. But it's just that I don't need to comment on each individual point here in order to reach a decision on what's fair and reasonable.

The first thing to say here is Mr A has complained that in the course of the complaint process with Halifax, it withdrew its initial offer of compensation, after he asked for the complaint to be escalated. While Mr A may not agree, as explained by the investigator, this issue forms part of Halifax's actions within its complaints process, and it's not the role of this service to scrutinise Halifax's complaints process or to tell Halifax how it should deal with complaints more widely.

My role is to look at what's fair and reasonable in the individual circumstances of a complaint. So, with that in mind, I will consider if Halifax acted unreasonably when it blocked a payment for £3,000 Mr A had made to an online crypto company, and if it should compensate him for that.

Mr A's complaint centres around the fact Halifax having previously allowed transactions to the same crypto business, took the decision to block a payment he made in mid-July 2023 which caused him upset and inconvenience and resulted in him not being able to complete a trade, causing him a loss of £200.

While I understand it would have been frustrating for Mr A to have to undertake a phone call and answer security questions regarding the transaction for £3,000, it's fair to say banks like Halifax have a responsibility to protect its customers' accounts from potential fraud. I understand the point Mr A makes about the fact he had made payments recently to the same business and in years before, but that wouldn't prevent Halifax from carrying out its process on any future transactions even if it is to the same payee, if it has any suspicion of fraudulent bank account activity.

Afterall, these procedures are in place to protect and safeguard its customers' accounts and that would be expected of them under its duty of care, and I'm satisfied that is what happened here. While I understand Mr A wasn't able to complete the trade as he wished, as the crypto business had effectively blocked the use of that payment method, I can't hold Halifax responsible for that, as it agreed to remove the block from that card transaction after carrying out its security procedures with Mr A.

Taking everything into account, I'm satisfied for the reasons I have already explained, Halifax acted reasonably when it took the action it did and therefore I don't agree with Mr A that compensation is warranted here.

While Mr A will be disappointed with my decision, I won't be asking anymore of Halifax.

My final decision

My final decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A to accept or reject my decision before 27 February 2024.

Barry White
Ombudsman