

## **The complaint**

Ms W complains that Bank of Scotland plc trading as Halifax blocked her payment for a holiday without notifying her.

## **What happened**

Ms W says that a payment for a hotel should have automatically debited her Halifax account on 18 June 2023, but Halifax blocked the payment without telling her. Ms W says she contacted the third party merchant after she received emails from them saying the holiday was unpaid, and they tried to take the payment again, but they were unsuccessful. Ms W says she has an Individual Voluntary Arrangement (IVA), so she was not allowed to apply for any credit, to put the holiday on another card.

Ms W rang Halifax, who confirmed they blocked the payments to the merchant. Ms W confirmed to them the transaction was genuine, but she received an email from the merchant to say that as she had not paid her hotel on time they were cancelling her booking and she would need to book again. When Ms W attempted to book again, the cost had substantially increased, so she cancelled this holiday and decided to have a few days away with a relative. She had to change flights at a cost also. Ms W made a complaint to Halifax.

Halifax offered Ms W £40 compensation over the phone. They then sent her a follow up letter saying the payment to the merchant was stopped for a security check. They said they use anti-fraud systems to spot unusual or high risk activity on her account, and they're unable to pre-authorise a payment nor are they able to stop security checks from being carried out on Ms W's account. They said which payments are flagged is normally determined through a number of various factors, so she may have payments stopped for security checks again. Ms W brought her complaint to our service.

Our investigator said whilst he empathised with the distress that the issue caused Ms W, Halifax had a valid concern for the payment and took reasonable measures to prevent potential fraud from occurring on the account.

Ms W asked for an ombudsman to review her complaint. She made a number of points. In summary, she said she had used this merchant on a number of occasions without the payment being blocked. She said the Halifax call handler explained that after speaking to her manager they would like her to know that changes in procedures from the following week would mean that in future all customers would be contacted if they had a payment blocked. She asked if this wasn't admitting liability then why would they offer her compensation.

## **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.

Ms W has made a number of points to this service, and I've considered and read everything she's said and sent us. But, in line with this service's role as a quick and informal body I'll be focusing on the crux of her complaint in deciding what's fair and reasonable here.

I'd like to explain to Ms W that it is not within this service's remit to tell a business how they should run their security procedures, such as when to block attempted online payments and how or if they should notify customers of these blocks. It would be the role of the regulator – the Financial Conduct Authority, who have the power to instruct Halifax to make changes to their policies and procedures, if necessary.

Banks and building societies have an obligation to try and keep their customers' accounts safe and prevent fraudulent transactions. Sometimes they identify and block legitimate payments that a customer wants to take place. This can cause distress and inconvenience to a customer – but it doesn't necessarily mean they have acted incorrectly.

I've looked at the terms and conditions which were in place at the time of the block to see if these reference Halifax being able to block a payment. Section D15 of the terms do set out when Halifax can stop Ms W making a payment and the reasons they can do this. And I'm satisfied that Halifax acted in line with the terms and conditions here – which both Halifax and Ms W would have needed to agree to. So I'm satisfied that they were fair to block the payment based on the reasons given in this section. Although Ms W has said she had used that merchant numerous times previously, I would expect Halifax to have controls in place to check every single payment made, so I can't say they've made an error here.

I've considered what Ms W has said about not being notified of the blocked payment, and what she was told on the phone by Halifax. I've listened to this call. The call handler does mention a new process they are rolling out. But this was not in force at the time Ms W's payment was blocked. So I can't say that Halifax should have done something different. And I'm not persuaded that anything different would have happened even if this new process had been in place and I'll explain why.

Section D15 of the terms which were in force at the time of the blocked payment says in reference to them blocking the payment *"We'll tell you before we do this and why, unless a legal or security reason means we can't. In that case, we'll tell you as soon as possible afterwards."* So here, because of security reasons, Halifax didn't notify Ms W before the block was placed. When Ms W rang Halifax they told her the reason for the block.

So while I do have a lot of sympathy for the position Ms W found herself in through no fault of her own, Halifax set out in their terms they might not be able to let Ms W know about the block because of their security procedures. So while this is frustrating for Ms W, I can't say that Halifax have acted outside of the agreed terms and conditions here.

Although Halifax offered Ms W £40 for inconvenience over the phone, I'm not persuaded that this was an admittance of liability. After all, Halifax had acted in line with the agreed terms and conditions, so they didn't make an error in applying the block. Sometimes businesses will make a gesture of goodwill offer to maintain good relationships with their customers. Halifax have confirmed to me they are happy to still make this payment to Ms W, so it follows they should pay her the £40 they offered her, which would be fair.

### **My final decision**

Bank of Scotland plc trading as Halifax has already made an offer to pay £40 for inconvenience to settle the complaint and I think this offer is fair in all the circumstances.

So my decision is that Bank of Scotland plc trading as Halifax should pay Ms W £40\* compensation. But I won't be requiring them to do anything further.

*\*We still don't know if your insolvency practitioner needs to be told about this settlement. But any sum of money you receive could affect the terms of your Individual Voluntary Arrangement (IVA) - so it's really important that you let them know.*

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms W to accept or reject my decision before 18 March 2024.

Gregory Sloanes  
**Ombudsman**