

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax linked his account profile to another customer when he tried to open a children's saver account.

What happened

Mr M tried to open a children's saver account with Halifax, online and in branch. However, after submitting the documents requested by Halifax, the branch staff told him the account was opened in a different customer's name. The member of staff told Mr M that the other customer had no access to his personal information and couldn't view his other accounts.

Halifax said this was identified when the other customer contacted the branch. It closed the account and said that this ended the potential for the account details to be compromised. Mr M went to the branch to see the corrective action, but the member of staff was absent.

Mr M is concerned that his data was sent to a stranger and said this amounted to a breach of the data protection regulations. He said this has caused him a great amount of stress and he complained through the branch manager.

Halifax apologised to Mr M for its error in opening the account and offered him £150 compensation. Mr M was unhappy with Halifax's response and referred his complaint to our service. Halifax reviewed its handling of Mr M's complaint and increased its offer to £250 compensation. Mr M declined this offer stating there had been a serious data breach, he had to take time off work and his mental health had suffered.

Our investigator didn't recommend the complaint be upheld as he thought the compensation was fair. He said Halifax closed the account as a precautionary measure, and Mr M was inconvenienced when he went to open a new one. He said Halifax couldn't be sure whether the issue was due to a human or a system error, but Mr M's information and identification hadn't been shared.

Mr M disagreed and requested an ombudsman review his complaint. He felt there was a lack of communication by Halifax and is worried about details shared with the other customer. He said Halifax can't say how this happened and he wanted details of its investigation. He said Halifax's long handling of his complaint didn't take his mental health into account. Mr M said he had moved his accounts from Halifax as it had not reassured him about the future.

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.

I've looked at Halifax's handling of Mr M's application for a children's saver account and the problems that followed to see if it has treated him fairly.

It is not in dispute that Halifax failed to follow Mr M's instructions for opening the account, and that this was linked to another, unrelated customer's details. Unfortunately it isn't clear to Halifax, and therefore to us, why this happened. Mr M wants to be sure that his personal data is not at risk and to be compensated for the distress he has been caused.

I understand that Mr M's is distressed that his personal information has been compromised and I think Halifax took his complaint about this very seriously. Halifax assured Mr M that the information available to the other customer was minimal and that his other accounts weren't compromised in any way.

From what I've seen of the data breach I'm sure that Halifax's error is limited to the children's saver account opened incorrectly and not any other accounts. And I'm sure that the other customer did not have access to Mr M's personal details. In common with other regulated financial businesses, Halifax holds identity documents securely and these are not shared or available to other customers.

Because I haven't seen anything to show that Mr M's details have been divulged to a third party, I don't think he will suffer any financial detriment from what has happened. I can see he wants details of Halifax's investigation, but this involves sensitive information that Halifax does not have to share. I'm satisfied that Halifax has investigated Mr M's complaint and can assure Mr M that the risks to him have been addressed. However, should Mr M suffer any detriment from this issue in future, he may bring a further complaint to Halifax.

I can see that Mr M had to make several visits to Halifax's branch to get the account open and this was frustrated on occasions by staff absence. Overall it took Halifax four weeks from notifying Mr M there was an issue with the opening of the children's saver account, to opening the account correctly under his name. This was longer than ideal and stressful for him but not overly prolonged.

Mr M was also frustrated by Halifax's slow complaint handling. I have seen that Halifax responded to Mr M's complaint within the timescales allowed by the regulations, but perhaps it could have been prompter in light of Mr M's mental health condition. Mr M has described the effects on him of dealing with this issue, and I was sorry to learn about this. I was also sorry to learn that he felt he had to close his Halifax accounts, but I hope he is reassured to some extent that there are no adverse implications from what has happened.

Having considered Mr M's frustration, inconvenience and distress from Halifax's mistake, I think the compensation offered of £250 is about right and consistent with awards we have made in similar circumstances to Mr M's. If Mr M hasn't already done so, I recommend that he contact Halifax in respect of payment of the compensation it has offered.

My final decision

For the reasons I have given it is my final decision that the complaint is not upheld.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr M to accept or reject my decision before 19 March 2024.

Andrew Fraser
Ombudsman