

The complaint

Ms A is unhappy that Bank of Scotland plc, trading as Halifax, stopped several card transactions that she wanted to make.

What happened

Ms A raised a complaint with Halifax when several transactions she tried to make from well-known high street stores were blocked by Halifax's fraud prevention systems. Ms A was also unhappy that to authorise those blocked transactions she needed to speak with Halifax and be interrogated about the transaction by a member of Halifax staff, which Ms A found to be intrusive and upsetting. Finally, Ms A felt Halifax's fraud prevention systems were profiling her based on her name and that she'd been discriminated against by Halifax as a result.

Halifax responded to Ms A and said they felt the blocks had been correctly applied because the transactions in question had been flagged by their fraud prevention systems, which were designed with the security of their customers' accounts in mind. Halifax also explained that they'd applied the same security standards to Ms A's account as they did to all other Halifax customers, and so didn't feel that they'd acted in a discriminatory manner by doing so. Ms A wasn't satisfied with Halifax's response, so he referred her complaint to this service.

One of our investigators looked at this complaint. But they didn't feel Halifax had acted unfairly in how they'd managed the situation and so didn't uphold the complaint. Ms A remained dissatisfied, so the matter was escalated 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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

Halifax have only been able to confirm two instances in the timeframe under consideration here – which is until Halifax issued their response to Ms A's complaint on 7 August 2023 – when transactions Ms A attempted to make were blocked by their fraud prevention systems. Specifically, these were transactions that Ms A attempted on 14 and 30 July 2023. However, it's clear from the information provided to this service by Halifax that there have been multiple instances of Ms A's transactions being declined after Halifax issued their final response to her. These included at least eleven declined transactions during August 2023. And it's clear from her correspondence with this service that Ms A wanted these later declined transactions to be considered as part of this complaint.

But this service is only permitted to consider points of complaint that the business being complained about has had the opportunity to consider and formally respond to themselves. Because of this, I asked Halifax whether they would consent to the declined transactions that took place after they reviewed Ms A's complaint being considered as part of this complaint. But Halifax didn't give their permission for this service to consider those later transactions as a part of this complaint.

Instead, Halifax said that Ms A would need to raise these later declined transactions with them as a new complaint, so that Halifax can consider and respond to those further points of complaint. As such, while I appreciate that this will be frustrating for Ms A, because of the remit of this service, I can only refer her to Halifax to raise these later declined transactions with them as a new complaint. And I confirm that after Halifax have had the opportunity to formally respond to any new complaint that Ms A might make in this regard, that Ms A may then have the right to refer that new complaint to this service, should she wish to do so.

All of which means that my review of this complaint is limited to the declined transactions that I've referred to above – those that took place on 14 and 30 July 2023. And while there was a declined transaction that took place on 6 August 2023 – the day before Halifax sent Ms A their response to her complaint – I feel it makes sense that this declined transaction be considered alongside the other declined transactions that happened in August 2023, should Ms A choose to raise a new complaint with Halifax about those later declined transaction.

Accordingly, moving forwards, my review is focussed on the July 2023 declined transactions, and I won't refer to any transactions that took place later than this again.

Halifax have explained that there were instances during the timeframe under consideration when Ms A's transactions weren't successful for reasons not related to their fraud prevention systems. These included a transaction that declined because Ms A was trying to make a contactless payment but was required to insert her card and input her PIN – as is occasionally required by contactless card holders to confirm that the contactless card remains in the possession of the named account holder. But Halifax have confirmed that there were two instances, as previously mentioned, when Ms A attempted transactions which were declined because of their fraud prevention systems.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Halifax have an obligation to employ such systems to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately authorised transfers are flagged erroneously by the fraud prevention systems. This is what appears to have happened on both 14 and 30 July 2023. And, given what I've explained above, I'm satisfied that it was reasonable for Halifax to have blocked these two transactions and required verification from Ms A.

This isn't to say that Ms A wasn't inconvenienced by having to contact Halifax about the blocked transactions. And I can also appreciate how having to verify the transactions to Halifax might be upsetting for her. But it is to say that I feel that any inconvenience or upset that Ms A may have unfortunately incurred in this regard is a necessary consequence of the use of automated fraud prevention systems and of Halifax reasonably needing to verify the legitimacy of attempted transactions that are flagged by their systems, and so isn't something that I would consider to be an unfair act on the part of Halifax.

Ms A has also complained about the tone of the questions she was asked when she rang to get her card unblocked. I've listened to the call between Ms A and Halifax on 30 July 2023, and having done so, I don't agree with this aspect of Ms A's complaint.

It's clear from the call that Ms A was frustrated with having to speak with Halifax for what appears to have been the second time to try to verify her intended purchase. But I feel that both Halifax's telephony agent and Ms A could have handled this call differently. And while there were instances where Halifax's agent didn't respond to Ms A in the way this service would generally expect, there were also instances where Ms A talked over Halifax's agent and didn't accept the reasonable explanations that he tried to give her.

I also don't feel that the questions asked of Ms A by Halifax's staff were excessive or intrusive as Ms A claims, but rather were reasonable given that the purpose of those questions was to verify Ms A and unblock a transaction being attempted on her account.

Ms A has said that she believes that Halifax's fraud prevention systems profiled her based on her name and she's said that she feels discriminated against as a result. Our service is an informal alternative to the Courts. As such, we don't have the power to make a finding of discrimination under the Equality Act 2010. However, we do take relevant regulations and legislation into account when determining how we feel a complaint should be fairly resolved.

Having looked at all the evidence, I don't feel that Halifax have acted unfairly in the way that Ms A believes that they have here. I say this because I haven't seen any evidence that corroborates Ms A's belief that her name was a factor in whether her transactions were flagged by Halifax's fraud prevention systems. And I find Halifax's explanation that they applied the same security protocols to Ms A's account that they apply to all customer accounts to be persuasive. I hope it helps Ms A to know that some impartial and independent has investigated this aspect of her concerns.

Halifax has explained that its fraud prevention systems are designed to block a transaction if it notices any activity which might indicate potential fraud, in consideration of a continually changing and updating set of parameters based on known instances of attempted fraud that are occurring at that time or which have previously been prevalent. Halifax also reiterate that they have a regulatory obligation to have such systems in place, and that the purpose of those systems is ultimately to protect their customer's money.

I appreciate that Ms A would like Halifax to operate their fraud prevention systems differently to how they presently do. But I hope Ms A will understand, in consideration of what I've explained, why I'm satisfied that it's for Halifax to operate their fraud prevention systems as they see fit – given their moral and regulatory obligations to protect their customer's money.

None of which is to say that Ms A wasn't inconvenienced and upset by having to contact Halifax to verify the transactions she wanted to make. But, as explained, it is to say that I feel that such inconvenience and upset was unfortunately necessary in this instance because I consider it have been an unintended consequence of the reasonable use by Halifax of its fraud prevention systems – which I don't consider as being an unfair act.

All of which means that I won't be upholding this complaint or instructing Halifax to take any further or alternative action here. I reiterate that the scope of this complaint is limited to the declined transactions I've previously specified. And I hope that Ms A will understand, given all that I've explained, why I've made the final decision that I have.

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 Ms A to accept or reject my decision before 29 May 2024.

Paul Cooper
Ombudsman