

The complaint

Mr M complains that Bank of Scotland plc trading as Halifax will not pay him the balance from a recently re-discovered passbook.

What happened

Mr M found a passbook whilst organising his belongings. The last entry in the passbook was made in 2000 and it showed an account balance of almost £19,750. Mr M explains that he went into branch and was advised to use the industry service mylostaccount.org.uk to try and locate the funds. He says that mylostaccount referred him back to the bank. Mr M says the bank has given him a different answer about the money each time he's been in touch and has provided copies of letters issued by the bank in July 2022, January 2023 and April 2023.

Halifax's investigation concluded it no longer held these funds. It had records to show the passbook account was opened in April 1986 and was closed in January 2001 with a balance of £20,605.28. It said a new Halifax savings account was opened on the same day. Halifax was able to trace the movement of the funds through that new account until June 2003 when it was closed at Mr M's home branch with a closing balance of £21,954.72.

Concerned by Halifax's answer, Mr M made a complaint. He said it is unacceptable the bank cannot give a definitive answer about where the money is now. Halifax issued its final response in June 2023. It said that to reclaim funds held in a dormant account Mr M should use the industry service mylostaccount.org.uk.

Mr M referred the complaint to this service. Our Investigator looked into the matter but didn't recommend that it should be upheld. She explained Halifax had searched all of its relevant systems to try and find the money and agreed there was no trace of it after June 2003. She concluded there was no evidence to support the funds are still held with Halifax.

Mr M didn't agree and asked for the matter to be considered by an Ombudsman. He said that not being able to trace or explain how over £21,000 could disappear off the bank's records was not something he could accept. As no agreement has been reached, the matter was referred to me.

My provisional decision

I issued a provisional decision in January 2024. In it, I explained why I was minded to find that Halifax should have to pay Mr M some compensation to recognise the poor level of service it provided to him. An extract from my provisional findings is included below:

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where there is a dispute about what happened, I must reach my decision on the balance of probabilities – that is what I consider is more likely than not to have happened, given the evidence that is available and the wider circumstances.

Mr M has explained that he found the passbook by chance. He's provided a photograph of it, and I can see that the last entry in the book shows a balance of almost £19,750. But a passbook is a snapshot of how an account stood at a particular moment in time. I don't agree the fact that Mr M still has the passbook is enough to prove these funds are still deposited at the bank. This is because banks and building societies did not always insist on customers returning passbooks before an account was closed. A bank will generally permit withdrawals from an account and closure without a passbook, provided it can establish it is dealing with the genuine customer.

Halifax searched its systems and has been able to trace the funds up until June 2003. It has provided evidence from its records to support that the account Mr M found the passbook for was closed in January 2001 and its balance transferred to a new Halifax savings account at the same time. Halifax has also been able to show that this later account was closed in June 2003 at Mr M's regular branch. It considers moving money from one savings account to another suggests Mr M was aware of his balance and proactively managing his finances.

This complaint concerns a large amount of money so I can understand why Mr M wants to find out what happened to it. But I think it's more likely than not that Mr M moved the money away from Halifax in 2003 in circumstances that he's long since forgotten due to the passage of time. I do appreciate Mr M is concerned that the bank doesn't have any records to show what happened to the money in June 2003. There's no evidence to show if or where the funds were electronically transferred or whether a cheque was issued. But this isn't surprising. Banks aren't obliged to keep records of closed accounts indefinitely and I'm mindful this account now dates back over 20 years.

I'm satisfied Halifax has done what it can to try and trace the money. If Mr M still held an account with Halifax with this balance, it would have come up in the bank's searches. As such, I cannot fairly conclude that Halifax still holds this money. I think it is more likely than not the closing balance was paid to Mr M in June 2003.

Although I don't have enough evidence to be as sure as I would need to be that Halifax still holds the disputed funds, I do consider the level of service Halifax provided to Mr M in connection to this matter fell short.

Mr M has provided this service with copies of letters he received from the bank in response to his enquiries. I consider some of these letters to be confusing. The first letter Mr M provided dated 26 July 2022 says that the account had not been found and had not been closed due to it being dormant. On the face of it, an account not being found and then not being closed appears to conflict. The letter suggests Mr M should visit a branch if he has any further questions.

Mr M has provided another letter dated 25 January 2023 which clearly states in bold letters that "We've found your closed account". I can see why a layperson could interpret finding a closed account differently to what the bank intends this to mean. The inclusion of the word "found" strongly infers positive news. This ambiguity is compounded as the letter goes on to say that the account and funds were transferred to another Halifax account in Mr M's name. I can see why Mr M took this letter to mean that his money had been found.

A further letter dated 28 April 2023 again said "We've found your closed accounts" and then went on to explain that the balance had been repaid upon closure. In addition to this, the bank's final response letter in June 2023 simply said that Mr M should use the industry service mylostaccount to try and locate his account, which is something he'd already done.

I agree with Mr M that he's been given inconsistent and incomplete information which often contradicts what he's been told before. I can see why Mr M has found it difficult to

understand what the situation really is because the bank has not clearly explained why it has taken this position. Mr M has been put to the inconvenience of following this matter up on a number of occasions when a better explanation would have clarified where he stood.

Whilst I anticipate that my position will not go far enough for Mr M, I am currently minded to say Halifax should pay Mr M £200 compensation for the distress and inconvenience its poor handling of this matter has caused him.

Halifax responded to say it agreed with the provisional decision and would be willing to offer £200 compensation.

Mr M responded to say he has not been able to locate the specific details of his account with Halifax and the bank's varied responses have left him puzzled. He said that Halifax had not provided information or a transaction history leading up to the closure of his accounts and that he could not accept the depletion of his savings due to what seems to be a lack of communication on the matter. Mr M wanted a proper investigation regarding his accounts, including the transaction history and details of any relevant movements. He said this would help him to understand the situation and to recall important information.

I replied to Mr M and pointed out that our Investigator had provided supporting documentation with her view letter, which included extracts from the bank's records. I explained I had placed weight on those documents when reaching my provisional decision and asked Mr M if he'd seen those records.

Mr M responded to say he wanted clarification on how the account was closed and confirmation of whether the funds were withdrawn or transferred to an external account. He said he had not initiated this closure and couldn't find any record of this transaction when he'd checked his other accounts. Mr M said he couldn't agree to the case being closed and that Halifax bears full responsibility for safeguarding the money.

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 realise Mr M strongly believes that Halifax still holds this money. He wants Halifax to provide details of what happened to it, and, in the absence of these specific records, says Halifax should take responsibility for the money.

But I would only expect Halifax to still have detailed records of any accounts that are open or dormant. I wouldn't expect Halifax to have much information now if an account has been closed. The last record the bank has of the money at the heart of this dispute is from over 20 years ago. The last entry in the records on 26 June 2003 shows the balance was repaid at that time. I do understand why Mr M wants to know where the money went. But it's not surprising to me that the bank hasn't kept that information on file. Banks and building societies aren't supposed to keep information that they don't have a business need for.

I am unable to say for certain what has happened to this money. But I don't think it is more likely than not that the account is still open. Halifax has searched for the funds and has provided as much evidence as it can. But it's not been able to find anything to suggest that it still holds this balance now. As such, I think it's more likely than not that the account was closed some time ago.

I understand how much this matters to Mr M and I know he's going to be incredibly disappointed with my decision. But I can't fairly order Halifax to pay Mr M the funds. On

balance, I think it's more likely than not that Mr M withdrew the funds and closed the account in circumstances he has forgotten due to the passage of time. I haven't any doubt that he's brought this complaint in good faith and in the honest belief that Halifax still has his money, but the evidence doesn't support this.

I do agree with Mr M that Halifax handled this matter poorly. The way the bank responded to him was puzzling and contradictory. I recognised this caused him undue distress and inconvenience in my provisional decision when I recommended awarding £200 compensation. As neither party disagreed specifically with this part of my provisional decision, I remain satisfied that £200 is a fair and reasonable award.

My final decision

My final decision is that Bank of Scotland plc trading as Halifax should pay £200 compensation to Mr M.

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

Claire Marsh
Ombudsman