

The complaint

Mr and Mrs W complain that Bank of Scotland plc trading as Halifax would not pre-approve a debit card payment.

The subject matter of this complaint relates to the service Mr W received from Halifax in relation to a joint account he holds with Mrs W. So, I've referred to Mr W throughout this decision.

What happened

Mr W was purchasing a car. He knew the amount, the merchant's details, and the time he would be making the payment. He called Halifax in advance to let it know he was making the payment to prevent it from being blocked/declined due to any potential fraud concerns Halifax may have had. And which would cause him embarrassment and inconvenience.

But Halifax said its fraud systems are automated and it was unable to prevent the system from blocking/declining a payment. So, Mr W made the payment by other means - in advance of collecting the car, to avoid any payment issues.

Mr W complained to Halifax, but it didn't uphold the complaint. It reiterated that it had no way of preventing its systems from stopping a payment if the payment was 'flagged' for checks. It apologised for any inconvenience its security checks cause and explained its intention was to safeguard customers against fraud.

Unhappy with the response. Mr W referred his complaint to this service. He said that Halifax's current process does not meet the Consumer Duty by avoiding foreseeable harm to customers. He wants Halifax to apologise and amend the process so that pre-approved transactions are not declined.

One of our investigators looked into it. But she didn't think Halifax was required to pre-authorise card payments in the way Mr W expected. She said Halifax is required to have fraud prevention measures in place to meet its regulatory requirements. Mr W didn't accept this. He said he felt forced into making the payment early and this put him at further risk as the merchant could have gone bust overnight.

The investigator considered what Mr W had said but she didn't change the outcome she had reached. She added that it was Mr W's decision to make the payment early.

Mr W remained unhappy with the outcome. He said - in summary, that he wasn't complaining about Halifax's fraud protection measures. But he says that there is zero justification for not allowing a pre-agreed payment to go through as he had passed the security ID checks when he called. So, the complaint has been passed to me to decide.

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've reached the same overall conclusion as the investigator. I know Mr W will be disappointed as I can see how strongly he feels that Halifax should be able to pre-approve payments to prevent them from being blocked or declined. So, I'll explain why.

Mr W has said that Halifax is not meeting its obligations under the Consumer Duty – specifically, protecting its customer from foreseeable harm. I've looked at the part of the Consumer Duty Mr W has referenced, and whilst I appreciate why he may feel it is applicable here, I don't agree it applies in the same way as he has suggested in this case.

The Duty does not replace or substitute other applicable rules, guidance or law and doesn't ask firms to act in a way that's incompatible with any legal or regulatory requirements. So, while I accept Halifax is expected to process payments that a customer authorises it to make. In accordance with regulatory rules and guidance, relevant codes of practice and good industry practice, Halifax should also take steps to protect its customers against the risk of financial harm from fraud and scams.

As such, there are circumstances where it might be appropriate for Halifax to take additional steps or make additional checks before processing a payment to help protect its customers from the possibility of financial harm from fraud. So, I don't think Halifax are doing anything wrong or treated Mr W unfairly by having such checks in place.

I acknowledge that this means that sometimes genuine transactions get blocked or declined until Halifax verifies the payment with the customer. And this is Mr W's concern. Mr W's expectation is that Halifax should have a process in place for a customer to pre-approve a transaction. Halifax has said this is not something it can do and it's not for this service to tell Halifax how to manage its fraud protection processes. But I would expect Halifax to have a process in place to minimise the impact of a payment being blocked.

Halifax has told us that when a payment is blocked, the customer will receive a call or a text message to enable them to verify the payment. Once verified, the payment can be attempted again and will be approved. And having listened to a recording of the call between Halifax and Mr W I'm satisfied that Halifax made Mr W aware of this. While I accept this process may involve some minor inconvenience, I find this is a reasonable process for Halifax to have in place given its obligations to help prevent fraud. And I find this process is in keeping with other firms in the industry.

Mr W says he felt forced into making the payment by other means and in advance of collecting the car. He says this put him at further risk – for example, if the car dealership had gone bust overnight. While I accept it's possible that if Mr W had made a card payment, it may have been blocked, I'm persuaded Mr W would have most likely received a text message or a call to verify the payment. And ultimately, I'm persuaded the payment would have been successful. So, I find it was Mr W's choice to make the payment early and by other means rather than him being forced to do so.

Overall, while I understand Mr W's strength of feeling, I don't find that Halifax has treated him unfairly. So, I won't be telling Halifax to take any further action in respect of this complaint.

My final decision

For the reasons given above, I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr W and Mrs W to accept or reject my decision before 9 July 2024.

Sandra Greene
Ombudsman