

The complaint

Mr E says Bank of Scotland plc, trading as Halifax, ("Halifax") refused to refund him for unauthorised transactions on his account and this caused him further financial loss and distress and inconvenience.

What happened

I've seen evidence that Halifax has now refunded the disputed transactions which occurred after Mr E had his phone stolen on 10 February 2024. However, Mr E says Halifax originally declined his claim and he suffered further financial loss and poor mental health as a result. Mr E has asked for Halifax to pay compensation for his. He says he would like Halifax to pay two salary sums of £1,1975.94 and £2,101.81 because he had to use two months salary to cover the overdraft and interest created by the fraudsters. He also asked for Halifax to pay off his outstanding credit card debit of £857.25 as an apology for the distress and inconvenience caused.

After agreeing the transactions were unauthorised, Halifax refunded the amounts taken by the fraudster, plus the overdraft fees incurred, plus 8% interest for the time Mr E was out of pocket. Halifax also paid him £100 in compensation for poor customer service and an extra £20 for failing to repay the overdraft fees in the first instance.

Our investigator considered this complaint and upheld it in Mr E's favour. He felt Halifax should pay a total of £300 in compensation. Halifax agreed with this, and after showing it has already paid £120 to Mr E, agreed to pay him the remaining £180. Mr E didn't agree with this, so the complaint has been passed to me for a decision on the matter.

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.

From the evidence I have seen I think Mr E has been sufficiently refunded the full amount he was out of pocket for. I say this because Halifax has now paid back the money taken from the fraudsters, along with the overdraft fees and added 8% simple interest. I've seen that Mr E has asked Halifax to refund two months of his salary as he had to use two months' worth of his salary to cover the amount of money taken from him which took him into his overdraft. However, as I've said, I am satisfied Halifax has already refunded the money fraudulently taken from him. So, I won't be asking it to refund this again and the only matter to consider here is what compensation is due for the stress and inconvenience caused by Halifax's actions.

I appreciate that Mr E feels Halifax should've refunded him the money immediately, and this would've prevented the financial difficulty he experienced after the money was taken. However, it is important to bear in mind that Halifax was not responsible for this loss to Mr E. The loss happened following the theft of Mr E's phone where the fraudsters were able to access Mr E's bank accounts from stored passwords on his phone. Halifax then investigated the claim made by Mr E – as it is within its' rights to do.

Money was taken from Mr E's accounts between 10 February and 12 February 2024, and this was refunded to him between 9 April 2024 and 16 April 2024. So, Mr E didn't have this money for about two months. He has provided evidence to show that in this time, he had to pay his rent, the monthly instalment for his car insurance and considered leaving his job and moving back with his parents to make ends meet. I have seen evidence that Mr E received support from an organisation affiliated with his employers who helped him pay his rent. So, in the end he didn't have to move back and didn't have to leave his job. But I do agree that this situation must have been very stressful and inconvenient for Mr E, so I do think some compensation is due here.

Banks such as Halifax receive complaints daily which it needs to investigate, so I can't penalise Halifax for not giving Mr E an answer to his complaint immediately. As a result of these unfortunate events, Mr E was out of pocket for some time – but that is the fraudsters doing, not Halifax's. But I do think it could've given Mr E this answer sooner than it did. Halifax has paid Mr E £100 compensation for the delay in proving the refund and another £20 for delaying the repayment of the overdraft payments occurred – which I think is fair.

Mr E didn't end up having to move or leave his job, but I understand the prospect of this would've caused him some stress. And generally having to spend time on the phone to Halifax chasing his complaint while also receiving chaser letters from his landlord and car insurance company would've been distressing, so for this I think another £180 compensation is fair. I can't ask Halifax to repay Mr E's outstanding credit card as a way of apology and I don't think that would be fair either.

So, for the reasons outlined above, I think a total award of £300 in compensation for the distress and inconvenience caused is fair and reasonable. As Halifax has demonstrated it has already paid him £120, so it now needs to pay another £180.

Putting things right

Bank of Scotland plc, trading as Halifax, should pay Mr E £180 in compensation for the distress and inconvenience caused.

My final decision

I am upholding this complaint. Bank of Scotland plc, trading as Halifax, should put things right as outlined above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 21 November 2024.

Sienna Mahboobani
Ombudsman