

The complaint

Mrs G complains Bank of Scotland PLC trading as Halifax blocked her account in error after she reported the death of her son to another bank. She also complains about how Halifax dealt with her when she complained about this error.

What happened

I sent the parties a provisional decision in March 2024, in which I set out the following background and my provisional findings. As follows:

Mrs G explained her son sadly died in October 2023. She contacted her son's third-party bank on 13 and 16 October and provided details so it could block his account. She provided her banking details to his bank including her Halifax bank account information.

On 17 October Mrs G visited a supermarket. Her debit card for her bank account with Halifax was declined, fortunately, she was able to use her credit card for the purchase.

On 18 October, Mrs G became aware the first of several Direct Debits set up on her account had been refused by Halifax.

Mrs G contacted Halifax on 19 October to see if it had closed her account rather than her son's. She explained Halifax initially told her this had not happened. She said she spent an hour and a half being passed between different advisers, before Halifax confirmed it had blocked her account by mistake.

She described how she had to repeat details of her son's death to the numerous advisers she was passed to during this telephone call which she found traumatic.

She explained Halifax eventually said it had blocked her account by mistake, and said it needed to transfer her to two more advisers to resolve the issues, Mrs G described getting very upset at this point and she broke down.

Mrs G explained she needed to be able to pay for her son's funeral arrangements, but Halifax told her she would not be able to use her debit card anymore. Halifax ordered her a new card, which arrived seven days later, but did not tell her she would also need a new PIN. Mrs G said Halifax also failed to order her a new PIN or tell her she would need one. She explained she had to visit a branch after her new card was declined again.

When she visited the branch, Mrs G tried to use the debit card in branch but it wouldn't work. The branch adviser told her her account was still blocked, but helped her to withdraw some cash. Mrs G said the new PIN took another seven days to arrive after the branch unblocked her online account and she was able to order it online.

The branch also told her a payment she had made for flowers for her son's funeral may not have been made. Mrs G explained she was in the branch for some time, she then had to visit the florist to check whether they had been paid.

Mrs G explained she was unable to use her debit card between 16 October and 3 November. She had to pay cash and use her credit card, which she explained she did not like to do.

Mrs G said Halifax were 'perfunctory and uncaring' on the telephone, even though it knew she had just suffered a bereavement.

Mrs G said she can't describe the impact this has had on her. She said the problems with Halifax have interfered with the grieving process and she has spent hours resolving the issues caused by unpaid Direct Debits, some of which were still outstanding when she complained to us.

Mrs G said she has been unable to return to work as she had planned due to the distress these problems have caused her.

Halifax explained it added a 'bereavement indicator' to Mrs G's account on 16 October, meaning her account was suspended at this time.

Halifax removed this indicator on 19 October following contact from Mrs G. Halifax said it was not clear how this suspension happened and didn't offer an explanation in their response to Mrs G's complaint.

Halifax wrote twice to Mrs G, once on 22 November and again on 5 December in response to her complaint.

In its final response, Halifax apologised for its error, confirmed it had removed the deceased indicator from Mrs G's account and offered £250 compensation.

Mrs G rejected this compensation, Halifax wrote back to Mrs G stating it had considered the 'new information' she had provided, but said they couldn't 'agree the resolution was unfair' maintaining its offer of £250 compensation.

Mrs G complained to our service.

Our investigator contacted Halifax who reiterated it was not clear exactly how the error occurred, and explained it thought its offer was fair and reasonable to apologise for the issues and impact the error had had on Mrs G.

Our investigator didn't think £250 compensation was fair and reasonable for the distress and inconvenience Mrs G had suffered. They recommended Halifax pay Mrs G a total of £400 in compensation, explaining Mrs G not only endured a bank error, but her new card and PIN were also delayed, when Halifax were aware she was grieving the loss of her son. Halifax accepted this recommendation.

Mrs G responded to our investigator's recommendation explaining she did not think £400 reflected the stress and upset caused. She explained she would like Halifax to recognise the need for trauma informed practice and understand the extreme distress caused by its actions.

As Mrs G rejected our investigator's recommendation, her complaint has been passed to me to make a final decision.

My provisional findings

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

Firstly, I would like to offer my condolences to Mrs G. I appreciate it has been a difficult time for her and can see the issues raised have had a significant impact on her during a very upsetting period for her and her family. I am very sorry for her and her family's loss.

Where evidence is incomplete, inconclusive or contradictory, I have to make decisions on the balance of probabilities – that is, what I consider is more likely than not to have happened in light of the available evidence and the wider surrounding circumstances.

In deciding what's fair and reasonable in all the circumstances of a complaint, I'm required to take into account relevant: law and regulations; regulators' rules, guidance and standards; codes of practice; and, where appropriate, what I consider to be good industry practice at the time.

It is not in dispute Halifax made an error in blocking Mrs G's account. It is, however, unfortunate and disconcerting Halifax have not been able to explain how this error occurred, or detail the investigation they undertook to explain or rule-out how this occurred. For example, Halifax have not explained if they have completed any audits of access to her account during this period and precisely when and how the block was processed, which I think would have demonstrated Halifax had undertaken a thorough review of the complaint and tried to provide as much information as it could.

That said, despite not being able to explain the reasons, I appreciate Halifax have admitted the error.

I now move on to dealing with Halifax's handling of the problem that it caused Mrs G, which falls into two areas. The telephone call and the subsequent letters Halifax sent Mrs G.

I have considered the timeline of events provided by Mrs G with regards to her contact with Halifax on the telephone carefully. I consider the focus of Halifax's responses is the initial error of blocking her account, and apologising for this. I have also thought about the comments Mrs G has made about her contact with Halifax after she discovered her account had been blocked.

I have not had access to the telephone calls between Mrs G and Halifax, so it is difficult for me to evidence specific elements of her complaint relating to contact with Halifax.

That said, I also think I have no reason to doubt the version of events as Mrs G has described them.

Our investigator commented on the issues with her PIN and customer service during the telephone call, mentioned above. Halifax again offered no reply or evidence in response to this view, only to accept the increase of compensation to £400.

I think, from the evidence provided, Halifax should have considered Mrs G as vulnerable at the time it spoke with her on the telephone. It was clear she had suffered a very recent bereavement of her son and was organising his funeral, and this would clearly suggest Mrs G should have been considered as in a vulnerable situation.

I now consider what are the industry standards for calls involving vulnerable customers. The Financial Conduct Authority issued guidance on the fair treatment of vulnerable customers in February 2021 (FG21/1).

This guidance sets out that financial businesses should:

- ensure their staff have the right skills and capability to recognise and respond to the needs of vulnerable customers*

- *Respond to customers' needs throughout product design, flexible customer service provisions and communication.*

The account Mrs G has provided appears to show a lack of responding to her needs, with little regard from Halifax given to adapting their approach to a vulnerable customer, for example, having to repeat her son had died to numerous advisers. It also appears the skill-set of the advisers she spoke with did not demonstrate an understanding of her vulnerability at the time.

From the information I have, I do not think Halifax reasonably complied with these duties. I therefore provisionally uphold this part of Mrs G's complaint.

I now move on to the letters Halifax sent Mrs G in response to her complaint.

I think the letter dated the 22 November lacks empathy and detail, and reads like a 'template' letter which has been changed slightly to accommodate the facts. The first subheading of 'We're paying you £250.00' is, I think, inappropriate and insensitive, and is an example of the point Mrs G has made regarding the lack of care.

The letter goes on to explain 'it's not clear exactly what happened' concluding in the next paragraph 'I hope I've explained matters for you...'

In the circumstances, I do not think this letter demonstrates a sensitive or appropriate approach to a vulnerable customer.

The second letter dated 5 December explains Halifax looked into the new information Mrs G has provided, but does not provide any discussion of what this information is and how Halifax have considered it. The letter simply reiterates their previous decision and that its previous position was not unfair – there is no discussion of what the new information is or how they have considered it, ending with 'I trust I've explained my decision.'

Again, this does not demonstrate good complaint handling, particularly in the sensitive circumstances outlined. On balance, I agree this shows a lack of empathy and care towards Mrs G.

In summary, Halifax did not provide details of how the error occurred, discuss the issues Mrs G has raised about how she was treated during the telephone call, consider the complaint handling element of this complaint or deal with the issue Mrs G raised regarding her new debit card and PIN in its responses.

I therefore provisionally uphold Mrs G's complaint.

My overall provisional thoughts are I don't think Mrs G's vulnerability and circumstances have been considered empathetically by Halifax. I provisionally think the effect Mrs G has explained are more likely than not to have occurred because of Halifax's original error, which has been compounded by its approach to her complaint.

I am provisionally persuaded the error in blocking Mrs G's bank account, and the subsequent contact has had a significant detrimental effect on Mrs G. I particularly note she was still sorting out issues which occurred because of these errors when she complained to us, and that she said she could not return to work because of these issues.

This demonstrates to me the severe short term and ongoing impact this failure, and subsequent failures when she contacted Halifax, has had on her. Mrs G was particularly vulnerable during these interactions with Halifax, who did not recognise the distress and

difficulties they have caused Mrs G.

Subject to the responses and any further information I receive in response to this decision, I provisional find Halifax should pay Mrs G £750 for the distress and inconvenience it caused her. I consider this to be in line with similar complaints and our guidelines for compensation awards.

Again, my heartfelt sympathies to Mrs G and her family.

My provisional decision and the parties' responses

I provisionally decided to uphold Mrs G's complaint and thought Halifax should pay Mrs G the sum of £750 for the distress and inconvenience it had caused her.

Halifax responded to my provisional decision accepting it and agreed to pay £750 to Mrs G. Halifax also said in this response it wished *'to apologise to [Mrs G] for the lack of sympathy shown at what must have been an extremely difficult time.'*

I appreciated Mrs G needed some time to consider my provisional decision, she has now been able to offer a response to my provisional decision, noting *'a proper apology and good customer care from the bank would have been a much more satisfactory outcome.'*

I have carefully considered the responses from both parties and the have listened to the call recording forwarded to me after my provisional decision. Based on these responses, I would like to invite Halifax to write a letter of apology to Mrs G inline with the comments it has already made to me in response to my provisional decision. For these reasons, along with the reasons I provided above and having carefully reconsidered the evidence inline with the comments made by the parties', I remain of the view Halifax should pay Mrs G £750 for the distress and inconvenience it caused her.

My final decision

For the reasons I have given it is my final decision that I require Bank of Scotland PLC trading as Halifax to pay Mrs G the sum of £750 for the distress and inconvenience it has caused her.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mrs G to accept or reject my decision before 4 July 2024.

Gareth Jones
Ombudsman