

## **The complaint**

Mr E complains about the service he received from Bank of Scotland plc trading as Halifax in relation to a declined transaction on his card.

## **What happened**

Mr E holds a credit card account with Halifax. In September, he attempted to pay for some flights using the card, but the transaction was declined despite several attempts. He called Halifax but says he encountered a catalogue of errors when trying to resolve the issue.

In summary these include long call waiting times, failures of the automated system including the inability to process call-backs to overseas numbers, being cut off by an agent and by the automated system, being passed around between departments and being given inconsistent and incorrect information. He also says he was kept waiting on the phone for around one and a half hours while this complaint was logged, taking up valuable time during which the cost of the flights was increasing.

When Mr E first attempted the transaction, his booking was reserved at a particular price for 25 minutes. The phone calls to Halifax took longer than this, so his booking timed out and was cancelled. The price of the flights had gone up during this time, so Mr E could no longer buy them at the original price.

Mr E was eventually put through to the fraud team, who told him they had unblocked his card. They suggested he try the payment again while he was still on the phone. Once again, it was declined. The agent suggested he wait a while and try again. It was the middle of the night at this point, so Mr E tried again the next day. He tried buying tickets through a different website as, by this stage, it was a cheaper option. During the transaction, he received a call from Halifax's verification system. He says he typed the passcode into his phone as well as saying it verbally, but the automated system couldn't detect a response.

Mr E called Halifax again. He says he had another long wait to reach an agent and was then passed between departments before being put through to the fraud team. At this point, the transaction was verified, and Mr E was able to complete the purchase. But he says the cost of the flights was £172 higher by this point than when he attempted the original purchase.

Several days later, Mr E missed a call from Halifax. He called back and was told that the complaints handler had been trying to contact him. The agent said the complaints handler would call Mr E back, but he never received a call. Later, he received Halifax's written response to his complaint.

Halifax said it hadn't made a mistake by declining the transactions. But it agreed that its service had fallen below expectations. It said it was trying to improve its call-back service and call waiting times. It also apologised that Mr E hadn't received a call back from the complaints team, although it said that someone had tried to call without success. Halifax paid Mr E £150 to apologise for the distress and inconvenience the situation had caused.

Mr E wasn't happy with Halifax's response. He says he wasted around 3 and a half hours on

the phone to Halifax trying to authorise the transaction, which cost him £164 in call charges. He says that Halifax ignored his request to reimburse these costs. But he says it was impossible for him to call the complaints handler to discuss it further because, even though they knew he was overseas, they only provided a UK based phone number which wasn't accessible from overseas. They didn't provide an email address or any other means of communicating. So, he says he had no option but to bring the complaint to this service.

Mr E says that, in addition to the time spent on the phone to Halifax, he also wasted time waiting for call-backs and searching for flights after his original booking was cancelled. The situation was very stressful and frustrating, particularly as the flight prices were increasing all the while until the issue was resolved. Mr E doesn't dispute that Halifax was entitled to decline the transaction. But, he says, if it hadn't made all these mistakes during the phone calls, his card would have been unblocked during the first call and he would have been able to buy the flights at the original price. He says that Halifax should pay him compensation of £400, pay the difference in flight costs, reimburse his call costs and pay interest on these.

I issued a provisional decision on 23 May, indicating my intention to uphold the complaint and direct Halifax to reimburse Mr E's call costs together with interest. Halifax agreed to this but queried the date from which the interest should run. Mr E has since confirmed the dates on which he paid his phone bills and the parties have agreed to the provisional interest award being amended accordingly. Mr E also made some comments for me to consider about the flight costs. I'm now in a position to make a final decision about the complaint.

### **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.

In light of the parties' comments about interest on the call costs, I'm going to amend the redress so that interest is payable from the dates on which Mr E paid his phone bills (rather than the dates of the bills). This is detailed further below. Other than that, I haven't seen anything which changes my mind about the outcome of this complaint, so I'm going to uphold it in the way I indicated in my provisional decision. My reasons are set out below.

The starting point is that it's right for Halifax to have security measures and procedures in place to safeguard customers' accounts and prevent fraud so far as possible. The terms and conditions of Mr E's account say that Halifax may suspend use of his card or refuse to authorise a transaction in various circumstances. These include if it has reasonable grounds for suspecting fraudulent or unauthorised use of his account, if it considers it necessary to protect the security of his account or if it believes it is necessary as part of its procedures to prevent fraud. Mr E doesn't dispute that Halifax was entitled to stop the transactions here. But he is unhappy about the way it dealt with the issue.

It's in the nature of security checks like this that they do sometimes cause customers inconvenience, even though the checks are in place to protect customers. But, here, I think the level of frustration and inconvenience Mr E experienced was more than customers would usually expect to encounter. This was due to mistakes by Halifax in its customer service and the way it dealt with the situation. So, I think it needs to pay Mr E some compensation.

Halifax accepts that its service fell below expectations and has already paid Mr E £150. He doesn't think that's enough, particularly in light of the time he spent trying to sort out the issue. We don't generally award compensation for a customer's time. So, instead, I've considered the overall impact that spending this time had on Mr E. The experience was very frustrating and inconvenient. But some of that was due to the changing flight prices, which I don't think wasn't Halifax's fault. Our awards aren't intended to punish a business for what

happened, but to reflect the impact of its mistakes on the customer. In the circumstances, I think £150 is a fair amount. So I'm not going to ask Halifax to pay any further compensation for distress and inconvenience. Mr E says it should pay interest on the compensation, but I'm not going to ask it to do that; we don't generally award interest on compensation for distress and inconvenience.

Mr E says he is out of pocket because he incurred significant call costs when contacting Halifax about the transactions. I think Halifax should reimburse these costs. The number of calls Mr E had to make and the amount of time he spent on the phone was far more than I would expect simply to authorise a transaction. This was due to service issues and mistakes by Halifax on all the calls, which Halifax accepts. Mr E has provided his phone bills. They are in another currency, but Mr E says the amount he paid is equivalent to £164. I'm satisfied that the international call charges relate to Mr E's calls to Halifax. And I think the converted amount he is claiming is reasonable. So, I'm going to ask Halifax to pay Mr E £164 for his call costs.

I think it should pay interest on the call costs as well, to reflect the time Mr E was deprived of that money. The costs are spread over the phone bills for October and November 2023. Of the £164 which Halifax needs to reimburse, £143.20 was included on the October bill which Mr E paid on 23 October. The remaining £20.80 was included on the November bill which Mr E paid on 21 November. So the interest will run on those amounts from those dates, until the date Halifax reimburses Mr E. If Halifax considers that it's required by HM Revenue & Customs to deduct income tax from that interest, it should tell Mr E how much it's taken off. It should also give Mr E a tax deduction certificate if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Finally, I have considered the cost of Mr E's flights. He says that Halifax should pay the difference between the price he'd have paid if the original transaction had been successful and the higher price he eventually paid. He has explained that the price of the flights was increasing continuously while the transactions were blocked and the longer the issue went on, the more expensive the flights became. So, he says if Halifax had dealt with the issue more quickly, the price differential would have been less. He says if he'd known at the outset that Halifax wouldn't approve the transaction, he would have paid for the flights on a different card or asked family members to make the purchase so he could secure the lower price.

I can understand his frustration at the price increase. But I'm afraid I'm not going to ask Halifax to pay the difference. It wasn't responsible for the change in price. And the price here was very time sensitive – the original price was only guaranteed for 25 minutes and it was increasing continuously after that. Mr E was given contradictory information by Halifax about the reason the transaction was declined. I don't find that a definitive answer was provided about that. The issue seems to have been resolved ultimately by Mr E buying the flights through a different website. But one of Halifax's agents did suggest to him early on that the reason for the decline was that the original website he was trying to buy from was deemed high risk. His original booking had already timed out by that stage. But I think it's fair to say that he could have attempted the purchase on another card at that point or sought help from family members to complete the transaction, if it was so important to secure the bookings before the price increased much further.

Halifax was entitled to decline the transaction. It didn't have to approve it within a particular timescale, or at all. And the terms of Mr E's account say that Halifax is not responsible for any loss if it refuses to process a transaction, delays in doing so or suspends use of his card for any of the security reasons I outlined above. So, Halifax doesn't have to cover the loss and I don't think it needs to do so here.

## **My final decision**

For the reasons above, I uphold this complaint. Bank of Scotland plc trading as Halifax should:

- pay Mr E £164 for his call costs;
- pay Mr E simple interest at 8% a year on £143.20 from 23 October 2023 until the call costs are reimbursed; and
- pay Mr E simple interest at 8% a year on £20.80 from 21 November 2023 until the call costs are reimbursed.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr E to accept or reject my decision before 11 July 2024.

Katy Kidd  
**Ombudsman**