

The complaint

Mr A and Mrs H are unhappy with several aspects of the service they received from Bank of Scotland plc, trading as Halifax.

While the eligible complainants here are Mr A and Mrs H, as the Halifax account in question is in their joint names, it's my understanding that it was Mr A who undertook most of the activity summarised below on his own. However, for ease of reference, I will refer to Mr A and Mrs H jointly throughout this letter.

What happened

To briefly summarise: Mr A and Mrs H wanted to make a large purchase from their Halifax account. In advance of making the purchase, Mr A and Mrs H went into a Halifax branch and informed Halifax of the details of the upcoming purchase – their intention being that by doing so, Halifax wouldn't feel the need to block the intended transaction for further checks.

However, when Mr A and Mrs H later attempted to make the large purchase from their account, the transaction was blocked by Halifax's automated fraud prevention systems. Mr A and Mrs H called Halifax and spoke with their fraud team, but the fraud team member wouldn't allow the payment to complete and asked Mr A and Mrs H to visit a Halifax branch so that their identity could be confirmed before the requested payment was unblocked.

Mr A and Mrs H visited a Halifax branch that same day, shortly before the branch was due to close. But because of the late hour, Halifax's staff weren't willing to contact their fraud team for Mr A and Mrs H, as was required to unblock the payment, and instead asked Mr A and Mrs H to return to branch the following morning. Mr A and Mrs H did return to branch the following morning and the payment was unblocked and allowed to complete. Mr A and Mrs H weren't happy with the service they'd received from Halifax, so they raised a complaint.

Halifax responded to Mr A and Mrs H and explained that they didn't feel they'd done anything wrong by flagging the large payment for further checks as they had. But Halifax did acknowledge that Mr A and Mrs H had received some poor service and had been given some wrong information. Halifax apologised to Mr A and Mrs H for this and paid £100 to them as compensation for any trouble or upset they might have incurred as a result, as well as a further £18 to cover their expenses when travelling to branch. Mr A and Mrs H weren't satisfied with Halifax's response, so they referred their complaint to this service.

One of our investigators looked at this complaint and liaised with Mr A and Mrs H and Halifax about it. During their investigation, Halifax reassessed their position on the complaint and offered to pay a further £250 compensation to Mr A and Mrs H because of the frustration and inconvenience they'd incurred. Our investigator felt that Halifax's offer of further compensation represented a fair resolution to what had happened. But Mr A and Mrs H remained dissatisfied, so the matter was escalated to an ombudsman for a final decision.

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'd like to begin by confirming that this service isn't a regulatory body or a Court of Law and doesn't operate as such. Instead, this service is an informal, impartial dispute resolution service. And while we do take relevant law and regulation into account when arriving at our decisions, our remit is focussed on determining whether we feel a fair or unfair outcome has occurred – from an impartial perspective, after taking all the factors and circumstances of a complaint into consideration.

I note that Mr A and Mrs H have provided several detailed submissions to this service regarding their complaint. I'd like to thank Mr A and Mrs H for these submissions, and I hope they doesn't consider it a discourtesy that I won't be responding in similar detail here. Instead, I've focussed on what I consider to be the key aspects of this complaint, in line with this service's role as an informal dispute resolution service.

This means that if Mr A and Mrs H note that I haven't addressed a specific point they've raised, it shouldn't be taken from this that I haven't considered that point – I can confirm that I've read and considered all the submissions provided by both Mr A and Mrs H and Halifax. Rather, it should be taken that I have considered that point but that I don't feel it necessary to address it directly in this letter to arrive at what I consider to be a fair resolution to this complaint.

Fraud prevention systems are used by all financial institutions to flag account activity that may be of concern and to prevent further usage of an account where it's felt that there is a possibility that fraud may be potentially occurring. Indeed, it must be noted that financial institutions such as Halifax have an obligation to employ such systems in order to comply with banking regulations which require banks to have systems in place to protect their customers' accounts, as much as possible, from acts of attempted fraud.

Additionally, it's incumbent on banks to employ these systems with a degree of vigilance – to err on the side of caution, as it were – which unfortunately means that there will be instances where legitimately instructed transactions are flagged erroneously by the fraud prevention systems – such as happened in this instance.

Mr A and Mrs H have explained that by notifying Halifax several days in advance of attempting the large payment, that they had hoped to 'pre-authorise' the payment, so that it wouldn't be flagged by Halifax's fraud prevention systems and would be allowed to complete. But it isn't possible to pre-authorise a payment as Mr A and Mrs H wanted to do here. Rather, all attempted payments will be subject to a bank's fraud prevention systems at the time that they are attempted, and this won't be affected by notifying a bank of the intended payment in advance.

Ultimately, I don't feel that it was unfair or unreasonable for Halifax to have blocked the large payment for further checks as they did, given that the purpose of the automated fraud systems that flagged the payment are to protect Halifax's customers money from potential scams and fraud.

When the payment was blocked, Mr A and Mrs H called Halifax and spoke with one the agents in their fraud team. Following the conversation between Mr A and Mrs H and Halifax's agent, the agent wasn't willing to release the payment as they still held concerns that a instance of potential fraud might be occurring.

I can appreciate that Mr A and Mrs H would like to better understand why Halifax's fraud agent felt it necessary to direct them to branch to verify their identity and confirm the legitimacy of the payment in person.

But I wouldn't expect Halifax to explain why their agent held the concerns they did, because to do so would be to make public some of the criteria that their fraud agents assess, which would clearly provide an increased risk to the security and effectiveness of Halifax's fraud prevention processes. However, Halifax have provided a detailed explanation of why their fraud agent felt it necessary to direct Mr A and Mrs H into branch to this service. And having considered that explanation, I'm satisfied that Halifax's agent was acting reasonably.

Mr A and Mrs H are also unhappy that, when they went into Halifax's branch immediately after speaking with Halifax's fraud agent, they were unable to arrange the release of the payment at that time and were asked to return the following day. This was because Mr A and Mrs H went into branch shortly before the branch was due to close.

Mr A and Mrs H have said that the branch staff they spoke with lied to them about why the payment couldn't be released, telling them that it was because the fraud department closed at 5pm on that day. This meant that, because of the long hold times, any call they tried to make to the fraud team wouldn't connect before the fraud department closed.

Halifax dispute that Mr A and Mrs H were told this. Instead, they say that it was explained to Mr A and Mrs H that the branch was closing at 5pm, and that because of the long hold times, any call they tried to make to the fraud team wouldn't be connected before the branch had to close. And it was because Halifax don't allow customers to remain in branch beyond the branch closing time that Mr A and Mrs H were asked to return the following morning.

I wasn't present in branch when these events occurred, and so I'm unable to say which version of event is the correct one. But, ultimately, even if Mr A and Mrs H weren't told the correct reason as to why the payment couldn't be released that day – which was that Halifax weren't willing to allow them to remain in branch beyond the stated closing time for the branch – the fact remains that Mr A and Mrs H weren't able to release the payment on that day for that reason, and so were required to return to branch the following morning.

Ideally, the fraud agent who referred Mr A and Mrs H to branch should have explained that, because of the late hour, it was possible that Mr A and Mrs H might not be able to arrange for the release of the payment that day, even if they went into branch as soon as possible – which Mr A and Mrs H did. Although, given that Mr A and Mrs H have explained that completing the payment was a matter of urgency for them, I feel it's reasonable to consider that they may still have gone into branch and attempted to release the payment, even if they'd been warned that doing so that evening might not be successful.

I note another point of dispute between Mr A and Mrs H and Halifax regarding a visit to branch that Mr A and Mrs H undertook a few days before attempting the payment, at which time Mr A and Mrs H were asked to read a fraud and scam leaflet as part of Halifax's high value transfer process.

Again, Mr A and Mrs H and Halifax provide very different testimonies as to what happened during that branch visit. Mr A and Mrs H say that they acted politely, and that Halifax's staff were unreasonable, whereas Halifax recorded an abusive customer note and said that Mr A became aggressive and uncooperative.

In this instance, I find the information provided by Halifax to be the more persuasive, as I feel that the nature of the notes that were placed on file following the branch meeting means that they are more likely than not to be accurate.

However, regardless of what happened in branch that day, the visit took place at a time when Mr A and Mrs H were trying to pre-authorise the payment that they were intending to

make a few days later, and also at a time when the money to make that intended future payment wasn't present in their account. As such, I don't feel that it had any impact on the wider issue of the payment being blocked when Mr A and Mrs H later tried to make it.

Ultimately, as explained, Mr A and Mrs H weren't able to pre-authorise the intended payment. And I don't feel that Halifax acted unfairly or unreasonably by first flagging the payment for further checks and then referring Mr A and Mrs H to branch when their telephone fraud agent wasn't willing to release the payment themselves. Although I do feel that Mr A and Mrs H should have been more clearly warned that going into branch that evening might not result in the release of the payment that day, because of the late hour and the need for the branch to close on time.

All of which isn't to say that Mr A and Mrs H haven't been frustrated and inconvenienced by what happened here. Indeed, it's clear that they have been. But it is to say that I feel that the larger part of that frustration and inconvenience was either the result of a misunderstanding on their part that they could pre-authorise payments to avoid it being considered by Halifax's fraud prevention systems, or was an unfortunately necessary consequence of modern banking practices and the need for fraud prevention systems to be in place.

In their response to Mr A and Mrs H's complaint, Halifax initially paid £100 compensation to them for the trouble and upset they'd incurred, along with a further £18 to cover the travelling expenses of having to return to branch the following morning to release the payment. And Halifax have since offered to pay a further £250 compensation to Mr A and Mrs H, having reconsidered the frustration and inconvenience they encountered.

Halifax's offer of a further £250 compensation feels fair to me, given what happened here, and I'm satisfied that it corresponds with the general framework this service uses when assessing compensation amounts, details of which are on this service's website.

I also don't accept Mr A and Mrs H's request for a much higher amount of compensation based on Mr A's loss of income. This is because, as stated above, I don't feel that Halifax should be fairly held accountable for all the trouble and upset Mr A and Mrs H have incurred here. And also because this service doesn't consider any one person's time to be any more or less valuable than any other person's time.

All of which means that while I will be upholding this complaint in Mr A and Mrs H's favour, I'll only be doing so to instruct Halifax to pay the further £250 to Mr A and Mrs H that Halifax have already agreed to pay. And I won't be issuing any further or alternative instructions to Halifax beyond this.

I realise this won't be the outcome Mr A and Mrs H were wanting. But I hope they'll understand, given what I've explained, why I've made the final decision that I have.

Putting things right

Halifax must pay a further £250 to Mr A and Mrs H.

My final decision

My final decision is that I uphold this complaint against Bank of Scotland plc, trading as Halifax, on the basis explained above.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr A and Mrs H to accept or reject my decision before 23 July 2024.

Paul Cooper
Ombudsman